

**Introduced by Committee on Budget and Fiscal Review**

February 6, 2012

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~~An act relating to the Budget Act of 2012.~~ *An act to amend Sections 11755, 11757.59, 11757.61, 11758.10, 11758.20, 11760.5, 11772, 11775, 11776, 11792, 11794.1, 11796, 11797, 11798.1, 11801, 11811.5, 11811.6, 11812, 11812.6, 11814, 11817.1, 11817.3, 11817.6, 11817.8, 11818, 11818.5, 11820, 11825, 11827, 11828, 11830.1, 11833, 11835, 11839, 11839.2, 11848.5, 11851.5, 11852.5, 11853, 11876, and 11999.6 of, to add Sections 11798.2, 11798.3, and 11803 to, to add Article 1 (commencing with Section 11970) and Article 2 (commencing with Section 11975) to Chapter 2 of Part 3 of Division 10.5 of, to add Chapter 2.1 (commencing with Section 11757.65) to Part 1 of Division 10.5 of, to repeal Sections 11758.12, 11758.13, 11758.23, 11758.25, 11758.29, 11760.3, 11760.4, 11817.4, 11848, 11852, 11853.5, 11860, and 11875 of, to repeal Article 1 (commencing with Section 11840) and Article 2 (commencing with Section 11840.1) of Chapter 11 of Part 2 of Division 10.5 of, to repeal Article 2 (commencing with Section 11970.1) and Article 3 (commencing with Section 11970.45) of Chapter 2 of Part 3 of Division 10.5 of, to repeal Chapter 3.4 (commencing with Section 11758.40) of Part 1 of Division 10.5 of, and to repeal and add Sections 11756.8 and 11798 of, the Health and Safety Code, and to amend Sections 4369.4, 14021, 14021.30, 14021.35, and 14021.9 of, to add Sections 10605.1, 14021.33, 14021.51, 14021.52, and 14021.53 to, and to add Article 3.2 (commencing with Section 14124.20) to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code, relating to public social services, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

## LEGISLATIVE COUNSEL'S DIGEST

SB 1014, as amended, Committee on Budget and Fiscal Review.  
~~Budget Act of 2012: Public social services: alcohol and drug programs.~~

*Under existing law, the State Department of Alcohol and Drug Programs is responsible for administering prevention, treatment, and recovery services for alcohol and drug abuse and problem gambling. Existing law requires the department to issue allocations of state and federal funds available to counties to provide alcohol and other drug programs. Existing law also requires counties that utilize these funds to adopt and submit to the department a county plan and negotiated net amount contract for department review and approval or disapproval, as specified.*

*This bill would, among other things, provide that, effective July 1, 2013, the administrative and programmatic functions that were previously performed by the department are transferred to departments within the California Health and Human Services Agency. It would also provide that the ultimate placement of these functions is contingent upon the Budget Act of 2013 and implementing legislation.*

*The bill would, operative July 1, 2012, delete the county plan and negotiated net amount contract requirements and instead require counties that apply for funds to submit to the department a contract for federal funding from the state to provide alcohol and other drug prevention, treatment, and recovery services. It would declare that the state has an interest in a specified women and children's residential treatment services program, funded by federal grants, and state the Legislature's intent for the department to work with counties under the 2011 realignment to develop reporting requirements. The bill would generally remove references to state involvement and funding in reference to alcohol and drug abuse prevention, treatment, and recovery services in a county. The bill would authorize counties to establish drug courts subject to certain requirements and state oversight. This bill would also revise provisions pertaining to apportionment of penalties among counties.*

*Existing law provides for the Medi-Cal Drug Treatment Program (Drug Medi-Cal), under which counties enter into contracts with a department within the California Health and Human Services Agency for the provision of various drug treatment services to Medi-Cal recipients, or the department directly arranges for the provision of these services if a county elects not to do so. Existing law requires,*

*commencing July 1, 2012, that the administrative functions of the Drug Medi-Cal Program performed by the State Department of Alcohol and Drug Programs be transferred to the State Department of Health Care Services in accordance with an administrative and programmatic transition plan.*

*This bill would, operative July 1, 2012, make various changes to the statutory provisions regulating the Drug Medi-Cal program to conform these provisions to the above-described transfer requirement.*

*This bill would appropriate \$1,000 from the General Fund to the State Department of Health Care Services.*

*This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.*~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. This act shall be titled and may be cited as 2011*  
2     *Realignment Legislation.*

3     *SEC. 2. Section 11755 of the Health and Safety Code is*  
4     *amended to read:*

5     11755. The department shall do all of the following:

6     (a) Adopt regulations pursuant to Section 11152 of the  
7     Government Code.

8     (b) Employ administrative, technical, and other personnel as  
9     may be necessary for the performance of its powers and duties.

10    (c) Do or perform any of the acts that may be necessary,  
11    desirable, or proper to carry out the purpose of this division.

12    (d) Provide funds to counties for the planning and  
13    implementation of local programs to alleviate problems related to  
14    alcohol and other drug use.

15    (e) Review and execute ~~negotiated net amount contracts and~~  
16    ~~Drug Medi-Cal contracts, and approve or disapprove county plans~~  
17    ~~for drug and alcohol services submitted for state and federal funds~~  
18    ~~allocated or administered by the department.~~

19    (f) Provide for technical assistance and training to local alcohol  
20    and other drug programs to assist in the planning and  
21    implementation of quality services. ~~The department may charge~~

1 a fee to cover the cost of providing technical assistance to these  
2 alcohol and other drug programs.

3 (g) Review research in, and serve as a resource to provide  
4 information relating to, alcohol and other drug programs.

5 (h) In cooperation with the Department of Personnel  
6 Administration, encourage training in other state agencies to assist  
7 the agencies to recognize employee problems relating to alcohol  
8 and other drug use that affects job performance and encourage the  
9 employees to seek appropriate services.

10 (i) Assist and cooperate with the Office of Statewide Health  
11 Planning and Development and the California Health Policy and  
12 Data Advisory Commission in the drafting and adoption of the  
13 state health plan to ~~assure~~ *ensure* inclusion of appropriate  
14 provisions relating to alcohol and other drug problems.

15 (j) In the same manner and subject to the same conditions as  
16 other state agencies, develop and submit annually to the  
17 Department of Finance a program budget for the ~~state-funded~~  
18 alcohol and other drug program, which budget shall include  
19 expenditures proposed to be made under this division, and may  
20 include expenditures proposed to be made by any other state agency  
21 relating to alcohol and other drug problems, pursuant to an  
22 interagency agreement with the department.

23 (k) Review and certify alcohol and other drug programs meeting  
24 state standards pursuant to Chapter 7 (commencing with Section  
25 11830) and Chapter 13 (commencing with Section 11847) of Part  
26 2.

27 (l) Develop standards for ~~assuring~~ *ensuring* minimal statewide  
28 levels of service quality provided by alcohol and other drug  
29 programs.

30 (m) Review and license narcotic treatment programs.

31 (n) Develop and implement, in partnership with the counties,  
32 alcohol and other drug prevention strategies especially designed  
33 for youth.

34 (o) Develop and maintain a centralized alcohol and drug abuse  
35 indicator data collection system that shall gather and obtain  
36 information on the status of the alcohol and other drug abuse  
37 problems in the ~~State of California~~ *state*. This information shall  
38 include, but not be limited to, all of the following:

39 (1) The number and characteristics of persons receiving recovery  
40 or treatment services from alcohol and other drug programs

1 providing publicly funded services or services licensed by the  
2 department state.

3 (2) The location and types of services offered by these programs.

4 (3) The number of admissions to hospitals on both an emergency  
5 room and inpatient basis for treatment related to alcohol and other  
6 drugs.

7 (4) The number of arrests for alcohol and other drug violations.

8 (5) The number of Department of ~~the Youth Authority~~  
9 *Corrections and Rehabilitation, Division of Juvenile Facilities*  
10 commitments for drug violations.

11 (6) The number of Department of *Corrections and Rehabilitation*  
12 commitments for drug violations.

13 (7) The number or percentage of persons having alcohol or other  
14 drug problems as determined by survey information.

15 (8) The amounts of illicit drugs confiscated by law enforcement  
16 in the state.

17 (9) The statewide alcohol and other drug program distribution  
18 and the fiscal impact of alcohol and other drug problems upon the  
19 state.

20 Providers of publicly funded services or services licensed by the  
21 department to clients-participants shall report data in a manner, in  
22 a format, and under a schedule prescribed by the department.

23 (p) Issue an annual report that portrays the drugs abused,  
24 populations affected, user characteristics, crime-related costs,  
25 socioeconomic costs, and other related information deemed  
26 necessary in providing a problem profile of alcohol and other drug  
27 abuse in the state.

28 (q) (1) Require any individual, public or private organization,  
29 or government agency, receiving federal grant funds, to comply  
30 with all federal statutes, regulations, guidelines, and terms and  
31 conditions of the grants. The failure of the individual, public or  
32 private organization, or government agency, to comply with the  
33 statutes, regulations, guidelines, and terms and conditions of grants  
34 received may result in the department's disallowing noncompliant  
35 costs, or the suspension or termination of the contract or grant  
36 award allocating the grant funds.

37 (2) Adopt regulations implementing this subdivision in  
38 accordance with Chapter 3.5 (commencing with Section 11340)  
39 of Part 1 of Division 3 of Title 2 of the Government Code. For the  
40 purposes of the Administrative Procedure Act, the adoption of the

1 regulations shall be deemed necessary for the preservation of the  
2 public peace, health and safety, or general welfare. Subsequent  
3 amendments to the adoption of emergency regulations shall be  
4 deemed an emergency only if those amendments are adopted in  
5 direct response to a change in federal statutes, regulations,  
6 guidelines, or the terms and conditions of federal grants. Nothing  
7 in this paragraph shall be interpreted as prohibiting the department  
8 from adopting subsequent amendments on a nonemergency basis  
9 or as emergency regulations in accordance with the standards set  
10 forth in Section 11346.1 of the Government Code.

11 *SEC. 3. Section 11756.8 of the Health and Safety Code is*  
12 *repealed.*

13 ~~11756.8. The department shall provide semiannual updates to~~  
14 ~~the Legislature on its progress in implementing the systems of care~~  
15 ~~redesign project, including, but not limited to, an updated timeline~~  
16 ~~for the project.~~

17 *SEC. 4. Section 11756.8 is added to the Health and Safety*  
18 *Code, to read:*

19 *11756.8. (a) It is the intent of the Legislature to ensure that*  
20 *the impacts of the 2011 realignment of alcohol and drug program*  
21 *services are identified and evaluated initially and over time. It is*  
22 *further the intent of the Legislature to ensure that information*  
23 *regarding these impacts is publicly available and accessible and*  
24 *can be utilized to support the state's and counties' effectiveness*  
25 *in delivering these critical services and supports.*

26 *(b) (1) The State Department of Alcohol and Drug Programs*  
27 *and the State Department of Health Care Services, which*  
28 *administers the Drug Medi-Cal Program, shall annually report*  
29 *to the appropriate fiscal and policy committees of the Legislature,*  
30 *and publicly post, a summary of outcome and expenditure data*  
31 *that allows for monitoring of changes over time and indicates the*  
32 *degree to which programs are meeting state- and county-defined*  
33 *outcome measures.*

34 *(2) This report shall be submitted and posted each year by April*  
35 *15 and shall contain expenditures for each county for the programs*  
36 *described in clauses (i) to (iv), inclusive, of subparagraph (B) of*  
37 *paragraph (16) of subdivision (f) of Section 30025 of the*  
38 *Government Code.*

39 *(3) The department shall consult with legislative staff and with*  
40 *stakeholders to develop a reporting format consistent with the*

1 *Legislature's desired level of outcome and expenditure reporting*  
2 *detail.*

3 *SEC. 5. Section 11757.59 of the Health and Safety Code is*  
4 *amended to read:*

5 11757.59. (a) Funds distributed under this chapter shall be  
6 used by counties to fund residential and nonresidential alcohol and  
7 other drug treatment programs for pregnant women, postpartum  
8 women, and their children and to fund other support services  
9 directed at bringing pregnant and postpartum women into treatment  
10 and caring for alcohol and other drug exposed infants. Funds may  
11 also be used to provide case management services to alcohol and  
12 other drug abusing women and their children and special  
13 recruitment, training, and support services for foster care parents  
14 of substance exposed infants.

15 (b) In carrying out its responsibilities under this chapter, the  
16 office may include in its guidelines the special needs of pregnant  
17 women and postpartum women who are chemically dependent and  
18 who are in need of treatment services. These special needs include,  
19 but are not limited to, the following:

20 (1) Provision for medical services, which may include, but not  
21 be limited to, the following:

22 (A) Low-risk and high-risk prenatal care.

23 (B) Pediatric followup care, including preventive infant health  
24 care.

25 (C) Developmental followup care.

26 (D) Nutrition counseling.

27 (E) Methadone.

28 (F) Testing and counseling relating to AIDS.

29 (G) Monthly visits with a physician and surgeon who specializes  
30 in treating persons with chemical dependencies.

31 (2) Provision for nonmedical services, which may include, but  
32 not be limited to, the following:

33 (A) Case management.

34 (B) Individual or group counseling sessions, which occur at  
35 least once a week.

36 (C) Family counseling, including, but not limited to, counseling  
37 services for partners and children of the women.

38 (D) Health education services, including perinatal chemical  
39 dependency classes, addressing topics that include, but are not  
40 limited to, the effects of drugs on infants, AIDS, addiction in the

1 family, child development, nutrition, ~~self-esteem~~ *self-esteem*, and  
2 responsible decisionmaking.

3 (E) Parenting classes.

4 (F) Adequate child care for participating women.

5 (G) Encouragement of active participation and support by  
6 spouses, domestic partners, family members, and friends.

7 (H) Opportunities for a women-only treatment environment.

8 (I) Transportation to outpatient treatment programs.

9 (J) Followup services, which may include, but not be limited  
10 to, assistance with transition into housing in a drug-free  
11 environment.

12 (K) Child development services.

13 (L) Educational and vocational services for women.

14 (M) Weekly urine testing.

15 (N) Special recruitment, training, and support services for foster  
16 care parents of substance exposed infants.

17 (O) Outreach which reflects the cultural and ethnic diversity of  
18 the population served.

19 *SEC. 6. Section 11757.61 of the Health and Safety Code is*  
20 *amended to read:*

21 11757.61. (a) Any county that receives funds distributed under  
22 this chapter may establish a perinatal coordinating council that  
23 consists of persons who are experts in the areas of alcohol and  
24 other drug treatment, client outreach and intervention with alcohol  
25 and other drug abusing women, child welfare services, maternal  
26 and child health services, and developmental services, and  
27 representatives from other community-based organizations. ~~The~~  
28 ~~county board of supervisors shall select an agency or department~~  
29 ~~of the county to be the lead agency. The~~

30 (b) ~~The coordination efforts provided by the lead agency through~~  
31 ~~the council shall~~ *may include, but not be limited to,* the following:

32 (1) The identification of the extent of the perinatal alcohol and  
33 other drug abuse problem in the county based on existing data.

34 (2) The development of coordinated responses by county health  
35 and social service agencies and departments, which responses shall  
36 address the problem of perinatal alcohol and other drug abuse in  
37 the county.

38 (3) The definition of the elements of an integrated alcohol and  
39 other drug abuse recovery system for pregnant women, postpartum  
40 women, and their children.



(4) The identification of essential support services to be included into the integrated recovery system defined pursuant to paragraph (3).

(5) The promotion of communitywide understanding of the perinatal alcohol and other drug abuse problem in the county and appropriate responses to the problem.

(6) The communication with policymakers at both the state and federal level about prevention and treatment needs for pregnant women, postpartum women, and their children for alcohol and other drug abuse that need to be addressed.

(7) The utilization of services that emphasize coordination of treatment services with other health, child welfare, child development, and education services.

*SEC. 7. Chapter 2.1 (commencing with Section 11757.65) is added to Part 1 of Division 10.5 of the Health and Safety Code, to read:*

*CHAPTER 2.1. WOMEN AND CHILDREN'S RESIDENTIAL  
TREATMENT SERVICES*

*11757.65. (a) The Legislature hereby finds and declares both of the following:*

*(1) The state has an interest in the women and children's residential treatment services (WCRTS) program.*

*(2) In 2012, there are eight local WCRTS programs established through grants from the federal Center for Substance Abuse Treatment, Residential Women and Children, and Pregnant and Postpartum Women Demonstration Program. WCRTS programs pursue the following four primary goals:*

*(A) Demonstrate that alcohol and other drug abuse treatment services delivered in a residential setting and coupled with primary health, mental health, and social services for women and children, can improve overall treatment outcomes for women, children, and the family unit as a whole.*

*(B) Demonstrate the effectiveness of six-month or 12-month stays in a comprehensive residential treatment program.*

*(C) Develop models of effective comprehensive service delivery for women and their children that can be replicated in similar communities.*

1 (D) Provide services to promote safe and healthy pregnancies  
2 and perinatal outcomes.

3 (b) It is the intent of the Legislature for the following outcomes  
4 to be achieved through the WCRTS program:

5 (1) Preserving family unity.

6 (2) Promoting healthy pregnancies.

7 (3) Enabling children to thrive.

8 (4) Freeing women and their families from substance abuse.

9 (c) It is also the intent of the Legislature for the State  
10 Department of Alcohol and Drug Programs to work collaboratively  
11 with counties and the eight WCRTS programs receiving funds from  
12 the Women's and Children's Residential Treatment Services  
13 Special Account under the 2011 realignment to develop reporting  
14 requirements. It is the intent of the Legislature that, to the extent  
15 that WCRTS programs report to the counties, the counties annually  
16 report data on the outcomes achieved by the WCRTS program to  
17 the department and for the department to annually report to the  
18 appropriate budget committees of the Legislature on the fiscal and  
19 programmatic status of the WCRTS program.

20 (d) Any county may establish a WCRTS program designed to  
21 meet the goals and produce the same outcomes as described in  
22 this section.

23 SEC. 8. Section 11758.10 of the Health and Safety Code is  
24 amended to read:

25 ~~11758.10. (a) (1) Within 60 days after notification of the final~~  
26 ~~allocation of each fiscal year pursuant to Section 11814, the board~~  
27 ~~of supervisors of each county that receives funds under this division~~  
28 ~~shall adopt and submit to the department, in accordance with the~~  
29 ~~planning process approved by the county board of supervisors and~~  
30 ~~Section 11798, a county plan.~~

31 (2)

32 11758.10. (a) Within 60 days after notification of the final  
33 allocation of each fiscal year pursuant to Section 11814, the board  
34 of supervisors of each county requesting to ~~participate contract~~  
35 ~~for federal funding from the state to provide alcohol and other~~  
36 ~~drug prevention, treatment, and recovery services~~ shall submit to  
37 the department, in accordance with Section 11798, a ~~negotiated~~  
38 ~~net amount contract for alcohol and other drug abuse~~ these services.

39 (b) The ~~approved county plan, or executed negotiated net amount~~  
40 ~~contract, as amended,~~ shall remain in effect to provide the basis

for advance payment until the next year's plan is approved or contract amendment is executed. The purpose of these county plans and contracts shall be to provide the basis for reimbursements pursuant to this division and to coordinate services pursuant to Part 2 (commencing with Section 11760) in a manner that avoids fragmentation of services and unnecessary expenditures.

~~(e) The department, after consultation with county alcohol and drug program administrators, shall develop standardized forms to be used by the counties in the submission of the county plan and negotiated net amount contract. The forms shall include terms and conditions relative to county compliance with applicable laws, regulations, guidelines, and Budget Act requirements.~~

*(c) A contract for alcohol and other drug abuse services shall not become final until executed by both the contracting county and the department. The contract shall be executed by September 30 of the fiscal year in which the contract will be effective, and shall cover the fiscal year period from July 1 to June 30, inclusive.*

*(d) The payments shall be based on appropriations made by the Legislature, and monthly payments shall be adjusted to reflect reductions and deletions made by the Legislature. The department shall have the option to either terminate or amend the contract to reflect the reduced funding. The payments shall continue at the adjusted level until the contract is amended to reflect the final Budget Act enacted for the fiscal year and the final allocation to the counties.*

*SEC. 9. Section 11758.12 of the Health and Safety Code is repealed.*

~~11758.12. (a) A negotiated net amount, for the purposes of this chapter, shall be determined by calculating the total budget for services less the amount of projected revenue. These net amounts for alcohol or other drug services, or both, shall be negotiated for each year of the contract between the participating county and the department and shall be disbursed to participating counties monthly in arrears, upon enactment of the Budget Act. Monthly disbursements to the participating county at the beginning of each fiscal year shall be based on the preliminary allocation of funds issued by the department. The payments shall be based on appropriations made by the Legislature and monthly payments shall be adjusted to reflect reductions and deletions made by the Legislature. The department shall have the option to either~~

1 ~~terminate this agreement or amend the contract to reflect the~~  
2 ~~reduced funding. The payments shall continue at the adjusted level~~  
3 ~~until the negotiated contract is amended to reflect the final State~~  
4 ~~Budget for the fiscal year and the final allocation to the counties.~~

5 ~~(b) Where the State Department of Health Services adopts~~  
6 ~~regulations for determining reimbursement of county alcohol and~~  
7 ~~other drug program plan services allowable under the Medi-Cal~~  
8 ~~program, those regulations shall be controlling only as to the rates~~  
9 ~~for reimbursement of these services allowable under the Medi-Cal~~  
10 ~~program and rendered to Medi-Cal beneficiaries.~~

11 ~~(c) Participating counties shall report to the department any~~  
12 ~~information required by the department in accordance with, but~~  
13 ~~shall not exceed, any statutory restrictions, limitations, or~~  
14 ~~conditions enacted by the Legislature, including the applicable~~  
15 ~~Budget Act, or federal law and regulations.~~

16 ~~(d) Absent a finding of fraud, abuse, or failure to achieve~~  
17 ~~contract objectives, no restrictions, other than any contained in an~~  
18 ~~executed negotiated net amount contract, a Drug Medi-Cal contract,~~  
19 ~~and an approved county plan, whichever is applicable, shall be~~  
20 ~~placed upon a county's expenditure or retention of state General~~  
21 ~~Fund funds received pursuant to this chapter, with the exception~~  
22 ~~of state General Fund funds used as a match for Drug Medi-Cal~~  
23 ~~federal financial participation.~~

24 ~~(e) Unspent state General Fund moneys identified after a date~~  
25 ~~specified in the contract shall be retained by the county and spent~~  
26 ~~on identifiable drug and alcohol service priorities in accordance~~  
27 ~~with the contract.~~

28 *SEC. 10. Section 11758.13 of the Health and Safety Code is*  
29 *repealed.*

30 ~~11758.13. The terms of a negotiated net amount contract shall~~  
31 ~~contain a provision defining and expanding upon dedicated~~  
32 ~~capacity. At a minimum "dedicated capacity" shall be defined as~~  
33 ~~a historically calculated service modality and service capacity that~~  
34 ~~is adjusted for the projected expansion or reduction in services~~  
35 ~~that the counties agree to make available to provide alcohol and~~  
36 ~~other drug services to persons otherwise eligible for county~~  
37 ~~services. The department shall base its contract negotiations on~~  
38 ~~the availability of a mutually agreeable dedicated capacity.~~

39 *SEC. 11. Section 11758.20 of the Health and Safety Code is*  
40 *amended to read:*

1 11758.20. (a) The department shall negotiate ~~net amount~~  
2 contracts with each county that requests to ~~participate, in lieu of~~  
3 ~~county plans, budgets, and reports~~ *enter into a contract to provide*  
4 *alcohol and other drug abuse services.*

5 (b) The department shall allocate funds for the purpose of  
6 ~~establishing negotiated net amount contracts, Drug Medi-Cal~~  
7 ~~contracts, or both, a contract~~ with each ~~participating~~ *contracting*  
8 county in accordance with Sections 11814 and 11817.3.

9 *SEC. 12. Section 11758.23 of the Health and Safety Code is*  
10 *repealed.*

11 ~~11758.23. (a) The department and counties shall calculate the~~  
12 ~~negotiated net amount, for the purposes of Section 11758.20, by~~  
13 ~~calculating the total budget for services less the amount of projected~~  
14 ~~revenue. These net amounts for alcohol and other drug services~~  
15 ~~shall be negotiated each fiscal year between the participating~~  
16 ~~counties and the department and shall be disbursed to participating~~  
17 ~~counties on a monthly basis.~~

18 ~~(b) No contract shall become final until executed by both the~~  
19 ~~participating county and the department. A contract shall be~~  
20 ~~executed by September 30, and shall cover the fiscal year period~~  
21 ~~from July 1 to June 30, inclusive. In the event the participating~~  
22 ~~county or the department does not execute the contract by~~  
23 ~~September 30, or in the event a contract is timely executed, but~~  
24 ~~the county does not meet the performance requirements of the~~  
25 ~~contract, the county shall be compensated for work performed~~  
26 ~~upon submission by the county of a county plan in accordance~~  
27 ~~with Section 11798.~~

28 ~~(c) When a negotiated net amount contract is executed by the~~  
29 ~~department, all participating government funding sources, except~~  
30 ~~for the Medi-Cal program (Chapter 7 (commencing with Section~~  
31 ~~14000) of Part 3 of Division 9 of the Welfare and Institutions Code)~~  
32 ~~and federal funds, shall be bound to that amount as the cost of~~  
33 ~~providing alcohol or other drug services, subject to meeting the~~  
34 ~~performance requirements in the contract.~~

35 *SEC. 13. Section 11758.25 of the Health and Safety Code is*  
36 *repealed.*

37 ~~11758.25. (a) Performance requirements shall be included~~  
38 ~~within the terms of the negotiated net amount contract and shall~~  
39 ~~include, at a minimum, all of the following:~~

40 (1) ~~Provision for an adequate quality and quantity of service.~~

~~(2) Provision for access to services by persons residing within the contracting county.~~

~~(3) A provision requiring that all funds paid by the state for alcohol and other drug programs shall be used exclusively for the purpose for which the payment was made.~~

~~(4) A provision requiring that performance be in compliance with applicable state and federal laws, regulations, and standards.~~

~~(b) When a minimum required utilization level is measured to dedicated capacity, “dedicated capacity” shall be the available capacity based on historical data and department-approved projected expansion of a service modality identified in the contract.~~

~~(c) The terms of the contract shall include a provision that allows the department access to county and subcontractor financial and service records for the purpose of auditing the requirements in the contract and establishing the data necessary for prospective contract negotiations.~~

~~(d) The terms of the contract shall include a provision for resolution of disputed audit findings.~~

*SEC. 14. Section 11758.29 of the Health and Safety Code is repealed.*

~~11758.29. (a) A county with an executed negotiated net amount contract shall bear the financial risk in providing any alcohol or other drug services to the population described and enumerated in the executed contract within the net amount.~~

~~(b) The participating county shall not be precluded from subcontracting to purchase all or part of the delivery of alcohol and other drug services from noncounty providers.~~

~~(c) The participating county shall comply with Sections 11840 and 11840.1 to provide matching funds for programs and services.~~

~~(d) The participating county shall submit to the department statistical data, as required in the contract, and end-of-year cost data no later than 60 days after the close of the fiscal year.~~

*SEC. 15. Chapter 3.4 (commencing with Section 11758.40) of Part 1 of Division 10.5 of the Health and Safety Code is repealed.*

*SEC. 16. Section 11760.3 of the Health and Safety Code is repealed.*

~~11760.3. The Legislature recognizes that state government’s role should be limited for several reasons including, but not restricted to:~~

1 ~~(a) State government should intervene in the activities of~~  
2 ~~individuals only where those individuals' inappropriate use of~~  
3 ~~alcoholic beverages and other drug use is likely to cause significant~~  
4 ~~harm to other persons, families, or the community.~~

5 ~~(b) The resources available to alleviate problems related to~~  
6 ~~inappropriate alcohol use and other drug use are limited.~~

7 ~~(c) Significant private resources, economic incentives, and~~  
8 ~~voluntary actions of individuals and groups in the community are~~  
9 ~~available and should be utilized and encouraged to preclude the~~  
10 ~~necessity for governmental involvement.~~

11 *SEC. 17. Section 11760.4 of the Health and Safety Code is*  
12 *repealed.*

13 ~~11760.4. (a) The Legislature finds that, in order to utilize~~  
14 ~~effectively the limited state funds available for programs whose~~  
15 ~~purpose is to alleviate the problems related to inappropriate alcohol~~  
16 ~~use and other drug use and to overcome the barriers to their solution~~  
17 ~~as described in Section 11760.1, the responsibility and authority~~  
18 ~~for the encouragement of the planning for, and the establishment~~  
19 ~~of, county-based programs and statewide alcohol and other drug~~  
20 ~~projects be concentrated primarily in one state department.~~

21 ~~(b) The Legislature further recognizes the department's limited~~  
22 ~~role in state government in trying to alleviate the problems related~~  
23 ~~to inappropriate alcohol use and other drug use because of both of~~  
24 ~~the following:~~

25 ~~(1) The department's limited budget and staff.~~

26 ~~(2) The important role played by other state agencies in trying~~  
27 ~~to alleviate the problems related to inappropriate alcohol use and~~  
28 ~~other drug use.~~

29 *SEC. 18. Section 11760.5 of the Health and Safety Code is*  
30 *amended to read:*

31 *11760.5. (a) The Legislature recognizes that alcohol and other*  
32 *drug abuse should be viewed and treated as a health problem, as*  
33 *well as a law enforcement public safety problem. The alcohol and*  
34 *other drug abuse problem has significant public impact and must,*  
35 *in addition to law enforcement public safety, be given community,*  
36 *education, social, and health attention if prevention and*  
37 *amelioration is are to be achieved. These approaches should be*  
38 *coordinated into a multiagency and multifaceted program for*  
39 *alcohol and other drug abuse control in the counties of the state.*

(b) It is the intent of the Legislature that community alcohol and other drug abuse services shall be organized ~~in the counties for alcohol and other drug abusers~~ through locally administered and locally controlled community alcohol and other drug abuse programs. The community alcohol and other drug abuse programs shall operate under the principle that services are designed to be equally accessible to all persons, including persons who because of differences in language, cultural differences in language, cultural traditions, or physical disabilities, confront barriers to knowing about or to using the alcohol and other drug abuse services that are offered.

*SEC. 19. Section 11772 of the Health and Safety Code is amended to read:*

11772. (a) (1) The department may enter into agreements and contracts with any person or public or private agency, corporation, or other legal entity, including contracts to pay these entities in advance or reimburse them for alcohol and other drug services provided to alcohol and other drug abusers and their families and communities.

(2) The department may make grants to public and private entities that are necessary or incidental to the performance of its duties and the execution of its powers. The department may pay these entities in advance or reimburse them for services provided.

(3) The Legislature directs the department to contract with any person or public or private agency, corporation, or other legal entity to perform its duties whenever that expertise is available and appropriate to utilize.

(b) Notwithstanding any other provision of this part, the department may not contract directly for the provision of alcohol and other drug services except as follows:

~~(1) To provide referral and monitoring services for recipients of Supplemental Security Income in those counties that choose not to provide these services.~~

~~(2)~~

(1) For demonstration programs of limited duration and scope, which programs, wherever possible, shall be administered through the counties, and which shall be specifically authorized and funded by the Budget Act or other statutes.

~~(3)~~



1 (2) To provide supportive services, such as technical assistance,  
2 on a statewide basis, or management and evaluation studies to help  
3 assure more effective implementation of this part.

4 (3) *When a county decides not to enter into a contract to provide*  
5 *alcohol and drug abuse services or programs, or both, the*  
6 *department shall determine the need for the services or programs,*  
7 *or both, and provide the services or programs, or both, directly*  
8 *or through contract.*

9 ~~(e) The Legislature strongly encourages all counties to apply~~  
10 ~~for funds under this part because of the seriousness of alcohol and~~  
11 ~~other drug problems in California and the necessity for affirmative~~  
12 ~~governmental involvement to help alleviate alcohol and other drug~~  
13 ~~problems. However, the Legislature has chosen not to mandate~~  
14 ~~that counties provide those services and programs. In the absence~~  
15 ~~of local community control of the services and programs, the state~~  
16 ~~shall not intervene to operate, directly or through contract, services~~  
17 ~~and programs that the elected county board of supervisors has~~  
18 ~~chosen not to provide to its constituents.~~

19 (c) (1) *Notwithstanding the rulemaking provisions of Chapter*  
20 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*  
21 *Title 2 of the Government Code, the department may implement,*  
22 *interpret, or make specific the amendments to this section made*  
23 *by the act that added this subdivision by means of all-county letters,*  
24 *plan letters, plan or provider bulletins, or similar instructions from*  
25 *the department until regulations are adopted pursuant to that*  
26 *chapter of the Government Code.*

27 (2) *The department shall adopt emergency regulations no later*  
28 *than July 1, 2014. The department may subsequently readopt any*  
29 *emergency regulation authorized by this subdivision that is the*  
30 *same as or is substantially equivalent to an emergency regulation*  
31 *previously adopted pursuant to this section.*

32 (3) *The initial adoption of emergency regulations and the one*  
33 *readoption of emergency regulations authorized by this subdivision*  
34 *shall be deemed an emergency and necessary for the immediate*  
35 *preservation of the public peace, health, safety, or general welfare.*  
36 *Initial emergency regulations and the one readoption of emergency*  
37 *regulations authorized by this subdivision shall be exempt from*  
38 *review by the Office of Administrative Law. The initial emergency*  
39 *regulations and the one readoption of emergency regulations*  
40 *authorized by this subdivision shall be submitted to the Office of*

1 *Administrative Law for filing with the Secretary of State and each*  
2 *shall remain in effect for no more than 180 days, by which time*  
3 *final regulations may be adopted.*

4 *SEC. 20. Section 11775 of the Health and Safety Code is*  
5 *amended to read:*

6 11775. (a) Each year the department shall apply for federal  
7 block grant funds from the ~~Alcohol, Drug Abuse, and Mental~~  
8 ~~Health~~ *federal Substance Abuse and Mental Health Services*  
9 Administration and may expend those funds only upon  
10 appropriation of, and approval by, the Legislature pursuant to the  
11 Budget Act.

12 (b) Whenever the ~~Alcohol, Drug Abuse, and Mental Health~~  
13 ~~federal Substance Abuse and Mental Health Services~~  
14 Administration conditions its allocation of funds to the department  
15 in a manner which would conflict with any ~~provisions~~ *provision*  
16 of this part, the department shall specifically describe the conflict  
17 in its application for federal funds.

18 (c) *The department may receive other federal funds and expend*  
19 *them, upon appropriation by the Legislature, pursuant to this*  
20 *division.*

21 *SEC. 21. Section 11776 of the Health and Safety Code is*  
22 *amended to read:*

23 11776. The department shall confer and cooperate with other  
24 state agencies whose responsibilities include alleviating the  
25 problems related to inappropriate alcohol use and other drug use  
26 in order to maximize the state's effectiveness and limited resources  
27 in these efforts. These agencies shall include, but are not limited  
28 to, the Departments of Alcoholic Beverage Control, Corrections  
29 *and Rehabilitation*, Industrial Relations, Motor Vehicles, *and*  
30 ~~Rehabilitation, and the Youth Authority~~, the State Departments of  
31 Developmental Services, Education, *Health Care Services*, ~~Mental~~  
32 *Public Health*, and Social Services, the Employment Development  
33 Department, and the Office of Traffic Safety.

34 *SEC. 22. Section 11792 of the Health and Safety Code is*  
35 *amended to read:*

36 11792. (a) The department, in consultation with the State  
37 Department of *Public Health Services*, shall ~~use existing materials~~  
38 ~~to distribute a brochure~~ *informational materials* on the care and  
39 treatment of infants under the age of six months who have been

1 exposed to alcohol and other drugs. ~~The brochure~~ *informational*  
2 *materials* shall include, but not be limited to, the following:

3 (1) The signs and symptoms of an infant who has been exposed  
4 to alcohol and other drugs.

5 (2) The health problems of infants who have been exposed to  
6 alcohol and other drugs.

7 (3) The special feeding needs of infants who have been exposed  
8 to alcohol and other drugs.

9 (4) The special care needs of infants who have been exposed to  
10 alcohol and other drugs, such as not overstimulating those infants  
11 ~~who are addicted~~ *have been exposed* to cocaine.

12 (b) ~~The brochure~~ *informational materials* developed pursuant  
13 to subdivision (a) may be distributed through hospitals, public  
14 health nurses, child protective services, alcohol and other drug  
15 facilities, educational networks, foster parent groups, medical  
16 professional offices, Medi-Cal programs, and county interagency  
17 task force groups, as well as any other agency that the department  
18 selects.

19 *SEC. 23. Section 11794.1 of the Health and Safety Code is*  
20 *amended to read:*

21 11794.1. It is the intent of the Legislature that the department,  
22 in collaboration with the State Department of *Public Health*  
23 ~~Services~~ and stakeholders in the medical and treatment provider  
24 communities, work to identify methods for better informing  
25 medical doctors *and other health professionals* of the benefits of  
26 diagnosing and treating ~~substance abuse~~ *alcohol misuse and*  
27 *substance use* among their patient population, including, but not  
28 limited to, improved outreach efforts at the state and local levels  
29 and the use of information dissemination strategies, where  
30 appropriate.

31 *SEC. 24. Section 11796 of the Health and Safety Code is*  
32 *amended to read:*

33 11796. (a) (1) Two or more counties, ~~each with a population~~  
34 ~~of under 200,000~~, may jointly establish county alcohol and other  
35 drug programs pursuant to Article 1 (commencing with Section  
36 6500) of Chapter 5 of Division 7 of Title 1 of the Government  
37 Code.

38 (2) ~~Subject to the department's approval, any~~ Any county may,  
39 by contract, furnish alcohol and other drug services to another  
40 county.

(b) Unless otherwise expressly provided for or required by the context, this part relating to county alcohol and other drug programs shall apply to alcohol and other drug programs operated jointly by two or more counties.

*SEC. 25. Section 11797 of the Health and Safety Code is amended to read:*

11797. (a) Funds allocated to the county pursuant to this part shall be used exclusively for county alcohol and other drug services as identified in the ~~executed negotiated net amount contract, Drug Medi-Cal contract, and the approved county plan, whichever is applicable,~~ contract for alcohol and other drug services and shall be separately identified and accounted for.

~~(b) Of the funds allocated to each county in accordance with Sections 11817.1, 11817.3, 11818, and 11840, the department shall allocate to each county the amount required by that county to carry out its local alcohol and other drug abuse program in accordance with the executed negotiated net amount contract or Drug Medi-Cal contract, as described in Section 11758.20, and the approved county plan, whichever is applicable.~~

*(b) The funds contained in each county's Behavioral Health Subaccount of the Support Services Account of the Local Revenue Fund 2011 established pursuant to Section 30025 of the Government Code shall be considered state funds distributed by the principle state agency for the purposes of receipt of the federal block grant funds for prevention and treatment of substance abuse described in Subchapter XVII of Chapter 6A of Title 42 of the United States Code to the extent that these funds are used for authorized alcohol and drug prevention and treatment activities.*

*SEC. 26. Section 11798 of the Health and Safety Code is repealed.*

~~11798. Counties that receive funds shall prepare and submit a county plan, negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable, that shall include a budget of all funds allocated to the county by the department pursuant to this part, and shall report utilization of those funds in an annual cost report pursuant to subdivision (q) of Section 11755.~~

*SEC. 27. Section 11798 is added to the Health and Safety Code, to read:*

11798. (a) Counties that apply for funds to provide alcohol and other drug abuse services shall prepare and submit a contract

1 for alcohol and other drug abuse services to the department. The  
2 contract shall include a budget for all funds sources to be used to  
3 provide alcohol and other drug abuse services. The funds identified  
4 in the contract shall be used exclusively for county alcohol and  
5 other drug abuse services to the extent that the activities meet the  
6 requirements for receipt of the federal block grant funds for  
7 prevention and treatment of substance abuse described in  
8 Subchapter XVII of Chapter 6A of Title 42 of the United States  
9 Code and shall be separately identified and accounted for. The  
10 county shall report utilization of those funds in an annual cost  
11 report pursuant to subdivision (b) of Section 11798.1.

12 (b) The contract shall include provisions to ensure both of the  
13 following:

14 (1) The appropriate expenditures of funds necessary to meet  
15 the requirements for receipt of federal block grant funds for  
16 prevention and treatment of substance abuse described in  
17 Subchapter XVII of Chapter 6A of Title 42 of the United States  
18 Code and other applicable federal provisions for funds.

19 (2) The provision of information necessary for the department  
20 to meet its oversight function, including, but not limited to, any  
21 required auditing, reporting, and data collection.

22 (c) The contract shall specify the type, scope, and cost of the  
23 services to be provided.

24 (d) The department, after consultation with county alcohol and  
25 drug program administrators, shall develop standardized forms  
26 to be used by the counties in the development and submission of  
27 the contracts. The forms shall include terms and conditions relative  
28 to county compliance with applicable laws.

29 (e) Net negotiated amount contracts that are in effect at the time  
30 that the act that added this section is enacted shall be deemed  
31 contracts for alcohol and other drug abuse services for purposes  
32 of this section.

33 (f) Performance requirements shall be included within the terms  
34 of the contract and shall include, at a minimum, all of the  
35 following:

36 (1) A provision for an adequate quality and quantity of service.

37 (2) A provision for access to services for at-risk populations.

38 (3) A provision requiring that all funds allocated by the state  
39 for alcohol and other drug programs shall be used exclusively for  
40 the purpose for which those funds are distributed.

1     (4) A provision requiring that performance be in compliance  
2     with applicable state and federal laws, regulations, and standards.

3     (5) Estimated numbers and characteristics of clients-participants  
4     by type of service.

5     (g) The contract shall include a provision that allows the  
6     department access to financial and service records of the county  
7     and contractors of the county for the purpose of auditing the  
8     requirements in the contract and establishing the data necessary  
9     to meet federal auditing and reporting requirements.

10    (h) The contract shall include a provision for resolution of  
11    disputed audit findings.

12    (i) Where two or more counties jointly establish substance use  
13    programs or where a county contracts to provide services in  
14    another county pursuant to Section 11796, information regarding  
15    the arrangement shall be included in the contract for alcohol and  
16    other drug abuse services.

17    (j) The contract shall include a provision requiring the county  
18    to ensure the security of client records as required by state and  
19    federal law.

20    (k) The contract shall be presented for public input, review, and  
21    comment, and the final contract shall be posted on the county's  
22    Internet Web site.

23    (l) (1) Notwithstanding the rulemaking provisions of Chapter  
24    3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
25    Title 2 of the Government Code, the department may implement,  
26    interpret, or make specific this section by means of all-county  
27    letters, plan letters, plan or provider bulletins, or similar  
28    instructions from the department until regulations are adopted  
29    pursuant to that chapter of the Government Code.

30    (2) The department shall adopt emergency regulations no later  
31    than July 1, 2014. The department may subsequently readopt any  
32    emergency regulation authorized by this section that is the same  
33    as or is substantially equivalent to an emergency regulation  
34    previously adopted pursuant to this section.

35    (3) The initial adoption of emergency regulations implementing  
36    this section and the one readoption of emergency regulations  
37    authorized by this subdivision shall be deemed an emergency and  
38    necessary for the immediate preservation of the public peace,  
39    health, safety, or general welfare. Initial emergency regulations  
40    and the one readoption of emergency regulations authorized by

1 *this section shall be exempt from review by the Office of*  
2 *Administrative Law. The initial emergency regulations and the*  
3 *one readoption of emergency regulations authorized by this section*  
4 *shall be submitted to the Office of Administrative Law for filing*  
5 *with the Secretary of State and each shall remain in effect for no*  
6 *more than 180 days, by which time final regulations may be*  
7 *adopted.*

8 *SEC. 28. Section 11798.1 of the Health and Safety Code is*  
9 *amended to read:*

10 11798.1. (a) Counties ~~shall~~ *may* each develop and operate their  
11 alcohol and other drug abuse programs that would otherwise be  
12 required under this division, as one coordinated program in each  
13 county. Counties may combine their alcohol and drug advisory  
14 boards, their alcohol and other drug plans, their alcohol and drug  
15 budgets, and the submission deadlines for alcohol and other drug  
16 budgets and cost reports *pursuant to subdivision (b)*, and the  
17 administration of programs at both the county and provider levels.

18 (b) A county may, by resolution of its board of supervisors,  
19 develop and operate alcohol and other drug abuse programs as one  
20 coordinated system. In establishing coordinated systems with  
21 combined alcohol and other drug services counties shall do all of  
22 the following:

23 ~~(1) Submit a county plan, including, but not limited to, a budget~~  
24 ~~of all funds allocated to the county by the department.~~

25 ~~(2)~~

26 ~~(1)~~ Report all of the following to the department:

27 (A) Utilization of all funds allocated by the department to the  
28 county in a combined annual ~~expenditure~~ *cost* report pursuant to  
29 state and federal requirements.

30 (B) All information necessary for the department to administer  
31 this section, including, but not limited to, information needed to  
32 meet federal reporting requirements. This information shall be  
33 reported on a form developed by the department in consultation  
34 with the County Alcohol and Drug Programs Administrators  
35 Association of California.

36 ~~(3)~~

37 (2) Combine drug and alcohol administrations in performance  
38 of alcohol and other drug program administrative duties pursuant  
39 to Section 11801.

40 ~~(4)~~

(3) Require combined programs, for planning and reimbursement purposes, to assess or categorize program participants at the time of admission and discharge with regard to whether their primary treatment needs are related to abuse of alcohol or of other drugs.

~~(5)~~

(4) Ensure that combined programs comply with statewide program standards developed pursuant to regulations adopted by the department in consultation with the alcohol and drug administrators.

(c) A county operating a coordinated system under this section shall assess or categorize a program participant at the time of admission and discharge as having problems primarily with abuse of either alcohol or of other drugs for purposes of federal reimbursement as required by federal law and report information to the department in a form consistent with existing data collection systems.

*(d) (1) Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific the amendments to this section made by the act that added this subdivision by means of all-county letters, plan letters, plan or provider bulletins, or similar instructions from the department until regulations are adopted pursuant to that chapter of the Government Code.*

*(2) The department shall adopt emergency regulations no later than July 1, 2014. The department may subsequently readopt any emergency regulation authorized by this section that is the same as or is substantially equivalent to an emergency regulation previously adopted pursuant to this section.*

*(3) The initial adoption of emergency regulations implementing this section and the one readoption of emergency regulations authorized by this subdivision shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. Initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be exempt from review by the Office of Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no*



1 *more than 180 days, by which time final regulations may be*  
2 *adopted.*

3 *SEC. 29. Section 11798.2 is added to the Health and Safety*  
4 *Code, to read:*

5 *11798.2. (a) A county with an approved contract for alcohol*  
6 *and other drug abuse services shall bear the financial risk in*  
7 *providing any alcohol or other drug services to the population*  
8 *described and enumerated in the approved contract.*

9 *(b) The county shall not be precluded from contracting to*  
10 *purchase all or part of the delivery of alcohol and other drug*  
11 *services from noncounty providers.*

12 *(c) Counties receiving funds shall submit to the department*  
13 *statistical data, as required in the contract, and end-of-year cost*  
14 *data no later than November 1 following the close of the fiscal*  
15 *year.*

16 *(d) Whenever a county receives funds under a grant program*  
17 *for alcohol and other drug abuse services, as well as under the*  
18 *county contract from either the federal or state government, or*  
19 *from any other grantor, public or private, and fails to include that*  
20 *grant program in the county budget for its alcohol and other drug*  
21 *program, the director shall not thereafter approve any, or provide,*  
22 *advance payment claims submitted by the county for state*  
23 *reimbursement under this part until the contract and county budget*  
24 *for its alcohol and other drug program has been reviewed to*  
25 *include that grant program, and the revised contract and budget*  
26 *are approved by the director.*

27 *(e) (1) Except as provided in paragraphs (2) and (3),*  
28 *regulations adopted by the State Department of Alcohol and Drug*  
29 *Programs pursuant to former Section 11758.29 shall remain in*  
30 *effect unless amended or repealed by regulation adopted pursuant*  
31 *to this section.*

32 *(2) Notwithstanding the rulemaking provisions of Chapter 3.5*  
33 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
34 *2 of the Government Code, the department may implement,*  
35 *interpret, or make specific this section to the extent that this section*  
36 *differs from former Section 11758.29 by means of all-county letters,*  
37 *plan letters, plan or provider bulletins, or similar instructions from*  
38 *the department until regulations are adopted pursuant to that*  
39 *chapter of the Government Code.*

1 (3) (A) *The department shall adopt emergency regulations no*  
2 *later than July 1, 2014. The department may subsequently readopt*  
3 *any emergency regulation authorized by this section that is the*  
4 *same as or is substantially equivalent to an emergency regulation*  
5 *previously adopted pursuant to this section.*

6 (B) *The initial adoption of emergency regulations implementing*  
7 *the article and the one readoption of emergency regulations*  
8 *authorized by this subdivision shall be deemed an emergency and*  
9 *necessary for the immediate preservation of the public peace,*  
10 *health, safety, or general welfare. Initial emergency regulations*  
11 *and the one readoption of emergency regulations authorized by*  
12 *this section shall be exempt from review by the Office of*  
13 *Administrative Law. The initial emergency regulations and the*  
14 *one readoption of emergency regulations authorized by this section*  
15 *shall be submitted to the Office of Administrative Law for filing*  
16 *with the Secretary of State and each shall remain in effect for no*  
17 *more than 180 days, by which time final regulations may be*  
18 *adopted.*

19 SEC. 30. *Section 11798.3 is added to the Health and Safety*  
20 *Code, to read:*

21 11798.3. *The department shall review each county's contract*  
22 *for alcohol and other drug abuse services to determine that the*  
23 *contract complies with this division and with the standards adopted*  
24 *under this division. The department shall approve a contract that*  
25 *is in compliance.*

26 SEC. 31. *Section 11801 of the Health and Safety Code is*  
27 *amended to read:*

28 11801. The alcohol and drug program administrator, acting  
29 through administrative channels designated pursuant to Section  
30 11795, shall do all of the following:

31 (a) Coordinate and be responsible for the ~~planning process,~~  
32 ~~including preparation of the county plan executing the negotiated~~  
33 ~~net amount contract, and Drug Medi-Cal contract, whichever is~~  
34 ~~applicable contract.~~

35 (b) ~~(1) Recommend to the board of supervisors the provision~~  
36 ~~of services, establishment of facilities, contracting for services or~~  
37 ~~facilities, and other matters necessary or desirable in accomplishing~~  
38 ~~the purposes of this part.~~

39 ~~(2) Exercise general supervision over the alcohol and other drug~~  
40 ~~program services provided under the county plan, negotiated net~~

1 ~~amount contract, and Drug Medi-Cal contract, whichever is~~  
2 ~~applicable.~~

3 ~~(e) Assure~~

4 ~~(b) Ensure~~ compliance with applicable laws relating to  
5 discrimination against any person because of any characteristic  
6 listed or defined in Section 11135 of the Government Code.

7 ~~(d) (1) Provide reports and information periodically to the~~  
8 ~~advisory board regarding the status of alcohol and other drug~~  
9 ~~programs in the county and keep the advisory board informed~~  
10 ~~regarding changes in relevant state, federal, and local laws or~~  
11 ~~regulations or improvements in program design and services that~~  
12 ~~may affect the county alcohol and other drug program.~~

13 ~~(2)~~

14 ~~(c)~~ Submit an annual report to the board of supervisors reporting  
15 all activities of the alcohol and other drug program, including a  
16 financial accounting of expenditures, *number of persons served*,  
17 and a forecast of anticipated needs for the upcoming year.

18 ~~(e)~~

19 ~~(d)~~ Be directly responsible for the administration of all alcohol  
20 or other drug program funds allocated to the county under this  
21 part, administration of county operated programs, and coordination  
22 and monitoring of programs that have contracts with the county  
23 to provide alcohol and other drug services.

24 ~~(f) Encourage the appropriate utilization of all other public and~~  
25 ~~private alcohol and other drug programs and services in the county~~  
26 ~~in coordination with the programs funded pursuant to this part.~~

27 ~~(g) Coordinate the activities of the county alcohol and other~~  
28 ~~drug program with appropriate health planning agencies pursuant~~  
29 ~~to Chapter 5 (commencing with Section 11820).~~

30 ~~(h) Assure~~

31 ~~(e)~~ *Ensure* the evaluation of alcohol and other drug programs,  
32 including the collection of appropriate and necessary *client data*  
33 *and program* information, pursuant to Chapter 6 (commencing  
34 with Section 11825).

35 ~~(i) Participate in the process to assure~~

36 ~~(f)~~ *Ensure* program quality in compliance with appropriate  
37 standards pursuant to Chapter 7 (commencing with Section 11830).

38 ~~(j) Participate in the regulations process pursuant to Chapter 8~~  
39 ~~(commencing with Section 11835).~~

40 ~~(k)~~

1 (g) Participate and represent the county in meetings of the  
2 County Alcohol and Drug Program ~~Administrators~~ *Administrators*,  
3 Association of California pursuant to Section 11811.5 for the  
4 purposes of representing the counties in their relationship with the  
5 state with respect to policies, standards, and administration for  
6 alcohol and other drug abuse services.

7 ~~(l) Provide for the orientation of the members of the advisory~~  
8 ~~board, including, but not limited to, the provision of information~~  
9 ~~and materials on alcohol and other drug problems and programs,~~  
10 ~~planning, procedures, and site visits to local programs.~~

11 ~~(m)~~  
12 (h) Perform any other acts that may be necessary, desirable, or  
13 proper to carry out the purposes of this part.

14 SEC. 32. Section 11803 is added to the Health and Safety Code,  
15 to read:

16 11803. If the county has an alcohol and other drug advisory  
17 board, the alcohol and drug program administrator, acting through  
18 administrative channels designated pursuant to Section 11795,  
19 may do either or both of the following:

20 (a) Provide reports and information periodically to the advisory  
21 board regarding the status of alcohol and other drug programs  
22 in the county and keep the advisory board informed regarding  
23 changes in relevant state, federal, and local laws or regulations  
24 or improvements in program design and services that may affect  
25 the county alcohol and other drug program.

26 (b) Provide for the orientation of the members of the advisory  
27 board, including, but not limited to, the provision of information  
28 and materials on alcohol and other drug problems and programs,  
29 planning, procedures, and site visits to local programs.

30 SEC. 33. Section 11811.5 of the Health and Safety Code is  
31 amended to read:

32 11811.5. ~~A~~To the extent the activities meet the provisions for  
33 receipt of the federal block grant funds for prevention and  
34 treatment of substance abuse described in Subchapter XVII of  
35 Chapter 6A of Title 42 of the United States Code and other  
36 applicable federal provisions for funds, a county may also utilize  
37 funds for the following:

38 (a) Planning, program development, and administration by the  
39 county. The department shall establish uniform definitions of the  
40 elements of county alcohol and other drug program administration

1 and shall set the minimum and maximum levels of administrative  
2 services, taking into account the total funds expended pursuant to  
3 the ~~county plan, negotiated net amount contract, and Drug~~  
4 ~~Medi-Cal contract, whichever is applicable~~ *contract*.

5 (b) In conducting planning, evaluation, and research activities  
6 to develop and implement the county alcohol and other drug  
7 program, counties may contract with appropriate public or private  
8 agencies.

9 (c) Actual and necessary expenses incurred by the alcohol and  
10 drug program administrator relating to attendance at not more than  
11 four meetings each year of the administrators, *any other meetings*  
12 *called by the director*, and reasonable dues for any related activities  
13 and meetings. Each administrator of a county ~~that applies for who~~  
14 ~~receives funds under this part~~ shall attend each quarterly meeting,  
15 unless a waiver is provided for by the department.

16 *SEC. 34. Section 11811.6 of the Health and Safety Code is*  
17 *amended to read:*

18 11811.6. ~~(a)~~—The department shall consult with alcohol and  
19 drug program administrators in establishing standards pursuant to  
20 Chapter 7 (commencing with Section 11830) and regulations  
21 pursuant to Chapter 8 (commencing with Section 11835), shall  
22 consult with alcohol and drug program administrators on matters  
23 of major policy and administration, and may consult with alcohol  
24 and drug program administrators on other matters affecting persons  
25 with alcohol and other drug problems. The alcohol and drug  
26 program administrators may organize, adopt bylaws, and annually  
27 elect officers. The administrators shall consist of all legally  
28 appointed alcohol and drug administrators in the state as designated  
29 pursuant to subdivision (a) of Section 11800.

30 ~~(b) Actual and necessary expenses for attendance at special~~  
31 ~~meetings of the committees of the alcohol and drug program~~  
32 ~~administrators called by the director shall be legally charged against~~  
33 ~~any funds available for the administration of this section.~~

34 *SEC. 35. Section 11812 of the Health and Safety Code is*  
35 *amended to read:*

36 11812. The following conditions apply to county expenditures  
37 of ~~state~~ funds pursuant to this part:

38 (a) Where the services specified in the ~~approved county plan~~  
39 ~~contract for alcohol and other drug abuse services~~ are provided  
40 pursuant to other general health or social programs, only that

1 portion of the services dealing with alcohol and other drug  
2 problems may be financed under this part.

3 (b) (1) Each county shall utilize available privately operated  
4 alcohol and other drug programs and services in the county prior  
5 to utilizing new county-operated programs and services, or  
6 city-operated programs and services pursuant to Section 11796.1,  
7 when the available privately operated programs and services are  
8 as favorable in quality and cost as are those operated by the county  
9 or city. When these privately operated programs and services are  
10 not available, the county shall make a reasonable effort to  
11 encourage the development of privately operated programs and  
12 services prior to developing county-operated or city-operated  
13 programs and services.

14 (2) The county alcohol and drug program administrator shall  
15 demonstrate to the board of supervisors, and to the department,  
16 prior to development of any new program or service, that  
17 reasonable efforts have been made to comply with paragraph (1).  
18 All available local public or private programs and services, as  
19 described in paragraph (1), that are appropriate shall be utilized  
20 prior to using services provided by hospitals.

21 (c) All personal information and records obtained by the county,  
22 any program that has a contract with the county, or the department  
23 pursuant to this section are confidential and may be disclosed only  
24 in those instances designated in Section 5328 of the Welfare and  
25 Institutions Code.

26 (1) Any person may bring an action against an individual who  
27 has willingly and knowingly released confidential information or  
28 records concerning that person in violation of this section, for the  
29 greater of the following amounts:

30 (A) Five hundred dollars (\$500).

31 (B) Three times the amount of actual damages, if any, sustained  
32 by the plaintiff.

33 (2) (A) Any person may, in accordance with Chapter 3  
34 (commencing with Section 525) of Title 7 of Part 2 of the Code  
35 of Civil Procedure, bring an action to enjoin the release of  
36 confidential information or records in violation of this chapter,  
37 and may in the same action seek damages as provided in this  
38 section.

39 (B) It is not a prerequisite to an action under this section that  
40 the plaintiff suffer or be threatened with actual damages.

(d) The department may require that each county and any public or private provider of alcohol and other drug services that receives any ~~state~~ funds under this part provide any information requested by the department relating to any application for or receipt of federal or other nonstate funds, including fees, donations, grants, and other revenues, for alcohol and other drug abuse services provided by these agencies.

*SEC. 36. Section 11812.6 of the Health and Safety Code is amended to read:*

11812.6. (a) In addition to any other services authorized under this chapter, the department shall urge the county, ~~in the county plan,~~ to develop within existing resources specific policies and procedures to address the unique treatment problems presented by persons who are both mentally disordered and chemically dependent. ~~If contained in the county plan, priority shall~~ *Priority* may be given to developing policies and procedures that relate to the diagnosis and treatment of homeless persons who are mentally disordered and chemically dependent.

(b) The director shall consult with the Director of ~~Mental Health~~ *Health Care Services* in developing guidelines for county mental health and alcohol and drug treatment programs in order to comply with this section.

*SEC. 37. Section 11814 of the Health and Safety Code is amended to read:*

11814. (a) The department shall issue allocations to *contracting* counties for alcohol and other drug programs.

(b) In issuing allocations to *contracting* counties, it is the intent of the Legislature that counties shall allocate all funds received pursuant to state and federal laws and regulations.

(c) The department shall estimate an allocation of ~~state and~~ federal funds available for each county to ~~implement the approved county plan, executed negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable~~ *use as the basis for submission of the contract*. In making allocations, the department shall base its allocations on the population of each county. However, the department shall ~~assure~~ *ensure* that each small population county receives a minimum amount of funds to provide adequate alcohol and other drug services. The department may take into account other factors in making the allocations ~~if the department finds that the,~~ *including, but not limited to, factors that*

1 relate to the level of alcohol and other drug problems in the county.  
2 No later than 45 days after introduction of the Budget Bill, the  
3 department shall notify each county regarding its preliminary  
4 allocation under this division *and estimated amount of the federally*  
5 *required maintenance of effort statewide expenditure levels on*  
6 *authorized activities, as defined in the federal Substance Abuse*  
7 *Prevention and Treatment Block Grant funds (42 U.S.C. Sec.*  
8 *300x-30)*, pending enactment of the Budget Bill. The 1984–85  
9 fiscal year shall establish the base funding for the county alcohol  
10 and drug allocation for local programs. Beginning with the 1985–86  
11 fiscal year, cost-of-living adjustments, if granted, shall be  
12 considered as tied to the base allocation established in the 1984–85  
13 fiscal year, plus any subsequent cost-of-living adjustments. The  
14 department shall notify each county regarding its final allocation  
15 after enactment of the Budget Bill.

16 ~~(d) Notwithstanding any other provision in this section, the~~  
17 ~~director may reduce funding below the base year amounts of~~  
18 ~~counties that underspend their allocation for two consecutive years~~  
19 ~~by more than 5 percent. Any reduction shall be limited to the~~  
20 ~~difference between 5 percent of the allocation and the total amount~~  
21 ~~unspent. The amounts underspent shall be determined based on~~  
22 ~~the most recent cost reports.~~

23 *(d) (1) Notwithstanding any other provision in this section, the*  
24 *director may reduce federal funding allocations, on a*  
25 *dollar-for-dollar basis, to a county that has reduced or anticipates*  
26 *reducing expenditures in a way that would result in a decrease in*  
27 *the federal Substance Abuse Prevention and Treatment Block*  
28 *Grant funds (42 U.S.C. Sec. 300x-30).*

29 *(2) Prior to making any reductions pursuant to this subdivision,*  
30 *the director shall notify all counties that county underspending*  
31 *will reduce the federal Substance Abuse Prevention and Treatment*  
32 *Block Grant maintenance of effort (MOE). Upon receipt of*  
33 *notification, a county may submit a revision to the county budget*  
34 *initially submitted pursuant to subdivision (a) of Section 11798 in*  
35 *an effort to maintain the statewide Substance Abuse Prevention*  
36 *and Treatment Block Grant MOE.*

37 *(3) Pursuant to subdivision (b) of Section 11798.1, a county*  
38 *shall notify the department in writing of proposed local changes*  
39 *to the county's expenditure of funds. The department shall review*  
40 *and may approve the proposed local changes depending on the*



1 *level of expenditures needed to maintain the statewide Substance*  
2 *Abuse Prevention and Treatment Block Grant MOE.*

3 *(e) (1) Notwithstanding the rulemaking provisions of Chapter*  
4 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*  
5 *Title 2 of the Government Code, the department may implement,*  
6 *interpret, or make specific the amendments to this section made*  
7 *by the act that added this subdivision by means of all-county letters,*  
8 *plan letters, plan or provider bulletins, or similar instructions from*  
9 *the department until regulations are adopted pursuant to that*  
10 *chapter of the Government Code.*

11 *(2) The department shall adopt emergency regulations no later*  
12 *than July 1, 2014. The department may subsequently readopt any*  
13 *emergency regulation authorized by this section that is the same*  
14 *as or is substantially equivalent to an emergency regulation*  
15 *previously adopted pursuant to this section.*

16 *(3) The initial adoption of emergency regulations implementing*  
17 *the amendments to this section and the one readoption of*  
18 *emergency regulations authorized by this subdivision shall be*  
19 *deemed an emergency and necessary for the immediate*  
20 *preservation of the public peace, health, safety, or general welfare.*  
21 *Initial emergency regulations and the one readoption of emergency*  
22 *regulations authorized by this section shall be exempt from review*  
23 *by the Office of Administrative Law. The initial emergency*  
24 *regulations and the one readoption of emergency regulations*  
25 *authorized by this section shall be submitted to the Office of*  
26 *Administrative Law for filing with the Secretary of State and each*  
27 *shall remain in effect for no more than 180 days, by which time*  
28 *final regulations may be adopted.*

29 *SEC. 38. Section 11817.1 of the Health and Safety Code is*  
30 *amended to read:*

31 *11817.1. The department may reallocate among counties any*  
32 *savings unexpended federal funds that occur during the fiscal year*  
33 *in programs or services or any allocations either not applied for*  
34 *by a county or not in compliance with this part. Reallocations may*  
35 *be made to counties by amendment to their county plans or*  
36 *negotiated net amount contracts.*

37 *SEC. 39. Section 11817.3 of the Health and Safety Code is*  
38 *amended to read:*

39 *11817.3. (a) There shall be an appropriation from the Budget*  
40 *Act to the department to fund programs and services to alleviate*

1 problems related to inappropriate alcohol use or other drug use as  
2 provided for in this part. However, if the state receives additional  
3 funds from the federal government after the enactment of the  
4 Budget Act, which funds may be augmented by the Director of  
5 Finance to the appropriation described in this section in accordance  
6 with the Budget Act, then the department shall determine the  
7 amount of those funds to be used for allocation to counties, and  
8 shall allocate that amount to counties ~~with approved amended~~  
9 ~~county plans, executed negotiated net amount contracts, and~~  
10 ~~amended Drug Medi-Cal contracts, whichever is applicable through~~  
11 ~~amendments to executed contracts~~, within 90 days of receipt of  
12 the additional funds to support programs and services to alleviate  
13 alcohol-related and other drug-related problems as described in  
14 this subdivision. The allocation of all funds pursuant to this  
15 subdivision shall comply with federal requirements and with any  
16 requirements pursuant to Section 28.00 of the Budget Act.

17 (b) The requirement set forth in subdivision (a) that the  
18 department determine the amount of additional funds to be used  
19 for allocation to counties and allocate that amount to counties  
20 within 90 days, shall be waived when the 90-day period does not  
21 allow sufficient time for completion of the notification period  
22 pursuant to Section 28.00 of the Budget Act.

23 (e) ~~As used in this section, “approved amended county plan”~~  
24 ~~means a county plan amended by a county to describe the county’s~~  
25 ~~proposed use of the additional or reduced funds available pursuant~~  
26 ~~to this section, which plan is approved by the department.~~

27 (d) ~~As used in this section, “executed negotiated net amount~~  
28 ~~contract” or “amended Drug Medi-Cal contract” refers to a contract~~  
29 ~~that is amended by a county to describe the county’s proposed use~~  
30 ~~of the additional or reduced funds available pursuant to this section,~~  
31 ~~which contract is approved by the department.~~

32 *SEC. 40. Section 11817.4 of the Health and Safety Code is*  
33 *repealed.*

34 ~~11817.4. Alcohol and other drug service expenditures made~~  
35 ~~by counties pursuant to this part shall be paid by the state pursuant~~  
36 ~~to this part.~~

37 *SEC. 41. Section 11817.6 of the Health and Safety Code is*  
38 *amended to read:*

39 11817.6. Payments or advances of funds to counties or other  
40 state agencies, which are properly chargeable to appropriations to

1 the department may be made by a Controller's warrant drawn  
2 against state funds appropriated to the department or federal funds  
3 administered by the department.

4 *SEC. 42. Section 11817.8 of the Health and Safety Code is*  
5 *amended to read:*

6 11817.8. (a) It is the intent of the Legislature that the state and  
7 the counties work together to minimize audit exceptions. Audit  
8 findings as contained in the department audit reports may be  
9 appealed by counties directly to the department. Counties may  
10 retain disputed audit amounts of state and federal funds unless an  
11 audit appeal is filed, and then until the audit appeal is resolved, in  
12 whole or in part, against the county while an audit appeal is  
13 pending and then only to the extent that the audit appeal is resolved  
14 in favor of the county and the amount is in the county's favor.

15 (b) The department shall audit the expenditures of counties,  
16 direct contractors, and county subcontractors. The department shall  
17 develop an annual audit plan that will identify the counties, direct  
18 contractors, and county subcontractors funded in whole or in part  
19 with the funds administered by the department. The annual audit  
20 plan shall consist of a sufficient number of audits and financial  
21 reviews to provide reasonable assurance that federal and state  
22 funds have been used for their intended purpose in accordance  
23 with applicable funding requirements and restrictions contained  
24 in statutes, regulations, and contracts.

25 (c) The department may conduct *investigations*, audits, and  
26 financial related reviews on other than a routine basis of any  
27 county, direct contractor, or county subcontractor funded in whole  
28 or in part with funds administered by the department, as the  
29 department deems necessary and appropriate.

30 (d) Counties may audit the expenditures of organizations funded  
31 in whole or in part with funds administered by the department.

32 (e) ~~Notwithstanding subdivision (c) of Section 11758.12,~~  
33 ~~counties~~ A county shall repay to the department amounts of state  
34 and federal funds found, as a result of an audit, not to have been  
35 expended in accordance with the requirements set forth in this  
36 part, federal block grant law, federal or state regulations pertaining  
37 to alcohol or other drug abuse services, and the conditions set forth  
38 in any contract for alcohol and other drug abuse services or an  
39 interagency agreement. For organizations or services and the  
40 conditions set forth in any combination of state, federal, or other

1 public funds, where a clear audit trail shows that the source and  
2 application of these funds is not maintained, repayment shall be  
3 determined by prorating audit findings between each funding  
4 source.

5 (f) For those audits conducted by the department, the director  
6 shall administratively establish policies and procedures for the  
7 resolution of disputed audit findings. The department shall consult  
8 with county administrators when proposing changes in the  
9 procedures for the resolution of disputed audit findings.

10 (g) There is established in the State Treasury an Audit  
11 Repayment Trust Fund. ~~All undisputed repayments of state funds~~  
12 ~~made pursuant to subdivision (e) and all repayments of state funds~~  
13 ~~resulting from an audit resolution procedure established pursuant~~  
14 ~~to subdivision (f) shall be deposited in this fund.~~ The money in  
15 the fund shall be available upon appropriation by the Legislature.

16 (h) The department may deny or withhold payments or advances  
17 of funds to a county if the department finds, by audit or otherwise,  
18 that a program is not in compliance with this part, ~~the net amount~~  
19 ~~contract, and Drug Medi-Cal contract, whichever is applicable or~~  
20 ~~the contract.~~

21 (i) Notwithstanding subdivision (a) of Section 53134 of the  
22 Government Code, audits performed pursuant to this section shall  
23 be conducted by qualified state or local government auditors or  
24 independent public accountants in accordance with generally  
25 accepted governing auditing standards, as prescribed by  
26 Government Auditing Standards, issued by the Comptroller General  
27 of the United States. These audits shall be completed no later than  
28 six months after the completion of the audit fieldwork.

29 (j) *(1) Notwithstanding the rulemaking provisions of Chapter*  
30 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*  
31 *Title 2 of the Government Code, the department may implement,*  
32 *interpret, or make specific the amendments to this section made*  
33 *by the act that added this subdivision by means of all-county letters,*  
34 *plan letters, plan or provider bulletins, or similar instructions from*  
35 *the department until regulations are adopted pursuant to that*  
36 *chapter of the Government Code.*

37 *(2) The department shall adopt emergency regulations no later*  
38 *than July 1, 2014. The department may subsequently readopt any*  
39 *emergency regulation authorized by this section that is the same*

1 *as or is substantially equivalent to an emergency regulation*  
2 *previously adopted pursuant to this section.*

3 *(3) The initial adoption of emergency regulations implementing*  
4 *the amendments to this section and the one readoption of*  
5 *emergency regulations authorized by this subdivision shall be*  
6 *deemed an emergency and necessary for the immediate*  
7 *preservation of the public peace, health, safety, or general welfare.*  
8 *Initial emergency regulations and the one readoption of emergency*  
9 *regulations authorized by this section shall be exempt from review*  
10 *by the Office of Administrative Law. The initial emergency*  
11 *regulations and the one readoption of emergency regulations*  
12 *authorized by this section shall be submitted to the Office of*  
13 *Administrative Law for filing with the Secretary of State and each*  
14 *shall remain in effect for no more than 180 days, by which time*  
15 *final regulations may be adopted.*

16 *SEC. 43. Section 11818 of the Health and Safety Code is*  
17 *amended to read:*

18 *11818. (a) (1) Expenditures made by ~~counties and contract~~*  
19 *~~providers~~ a county and a county's provider that may be paid*  
20 *reimbursed using appropriated funds ~~subject to payment~~ include*  
21 *salaries of personnel, approved facilities and services provided*  
22 *through contract, operation, maintenance, and service costs,*  
23 *depreciation of county facilities as established in the State of*  
24 *California's Auditing Standards and Procedures for Counties,*  
25 *~~disregarding depreciation on the county facility to the extent it was~~*  
26 *~~financed by state funds under this part,~~ lease of facilities where*  
27 *there is no intention to, nor option to, purchase, and other*  
28 *expenditures that may be approved by the director.*

29 *(2) Expenditures made by ~~counties and contract providers~~ a*  
30 *county and a county's provider that may not be paid using*  
31 *appropriated funds ~~subject to payment~~ include expenditures for*  
32 *initial capital improvement, the purchase or construction of*  
33 *buildings, except for equipment items and remodeling expenses*  
34 *as may be provided in regulations of the department, compensation*  
35 *to members of a local advisory board on drug programs, except*  
36 *actual and necessary expenses incurred in the performance of*  
37 *official duties, and expenditures for a purpose for which state*  
38 *reimbursement is claimed under any other law.*

39 *(b) (1) Except as provided in Chapter 3 (commencing with*  
40 *Section 11758.10), the cost of services specified in the county*

1 plan, negotiated net amount contract, and Drug Medi-Cal contract;  
2 ~~whichever is applicable~~, shall be based upon reimbursement of  
3 actual costs as determined with standard accounting practices. The  
4 county may enter into contracts with providers at actual cost or a  
5 negotiated rate. ~~Negotiated rate is a specific and fixed dollar rate~~  
6 ~~for a specified unit of service provided. Negotiated rates may be~~  
7 ~~used as the cost of services only between the county and private~~  
8 ~~providers. The negotiated rate shall be approved by the county~~  
9 ~~prior to commencing services for reimbursement and the rate shall~~  
10 ~~be based upon the projected cost of providing the services and~~  
11 ~~projected revenues realized as a result of providing the services.~~  
12 The provider shall make available to the county information on  
13 prior years' actual cost of providing the services and actual  
14 revenues.

15 (2) (A) Providers that receive a combination of Medi-Cal  
16 funding and other federal or state funding for the same service  
17 element and location shall be reimbursed for actual costs as limited  
18 by Medi-Cal reimbursement requirements, as specified in Title  
19 XIX of the federal Social Security Act (42 U.S.C. *Sec.* 1396 et  
20 seq.), the ~~medicaid~~ *Medicaid* state plan, subdivisions (c) and (d)  
21 of Section 51516 of Title 22 of the California Code of Regulations,  
22 except that reimbursement for non-Medi-Cal *reimbursable* services  
23 shall not be limited by Medi-Cal rate requirements or customary  
24 charges to privately paying clients.

25 (B) For those providers who operate under a negotiated rate for  
26 non-Medi-Cal *reimbursable* services, the rates shall be treated as  
27 provisional rates, subject to yearend settlement of actual costs.

28 ~~(3) Notwithstanding any other provision of law, during yearend~~  
29 ~~settlements, the department may pay, from both state and federal~~  
30 ~~funds, prior fiscal year allowable Medi-Cal costs incurred by June~~  
31 ~~30 of the prior fiscal year that exceed the amount timely~~  
32 ~~encumbered in the prior fiscal year contract.~~

33 *SEC. 44. Section 11818.5 of the Health and Safety Code is*  
34 *amended to read:*

35 11818.5. (a) Counties shall submit a cost report reflecting the  
36 expenditure of funds ~~allocated by the department~~ *expended*  
37 *pursuant to the county contract*. An annual cost report for the fiscal  
38 year ending June 30 shall be submitted to the department by  
39 November 1.

(b) Each county shall be responsible for reviewing its contracts with providers of services and the department may audit these contracts. The cost reports shall be reviewed by the department and interim settlements of claims shall be made expeditiously with each county. Final settlement shall be made at the time of audit, which shall be completed within three years of the date the cost report was accepted for interim settlement by the department. If the audit is not completed within three years, the interim settlement shall be considered as the final settlement.

(c) Counties shall report estimated numbers and characteristics of clients-participants by type of service ~~in the county plan~~ and shall report actual numbers and characteristics of clients-participants served by type of service with the annual cost report. The department shall specify forms and procedures to be followed in reporting this information. The fiscal reporting system established pursuant to this section shall supersede the requirements of paragraph (2) of subdivision (b) of Section 16366.7 of the Government Code for a quarterly fiscal reporting system.

*SEC. 45. Section 11820 of the Health and Safety Code is amended to read:*

11820. The Legislature recognizes the potential positive impact that federal, state, and local ~~health planning~~ agencies can have on the alleviation of alcohol and other drug problems through better coordinated planning and utilization of limited health resources. The Legislature encourages persons concerned with alcohol and other drug problems to become involved as much as possible ~~as representatives on health planning agencies, and committees thereof, and~~ in providing advice and comments on health plans of those agencies.

*SEC. 46. Section 11825 of the Health and Safety Code is amended to read:*

11825. The department may establish reasonable criteria to evaluate the performance of programs and services that are described in the county ~~plan~~ *contract for alcohol and other drug abuse services*.

*SEC. 47. Section 11827 of the Health and Safety Code is amended to read:*

11827. The Legislature recognizes that local program effectiveness may be evaluated in a variety of ways, but should reflect the needs and priorities of the local community and attempt

1 to measure the achievement of objectives determined through the  
2 planning process described in this part. The Legislature further  
3 recognizes that the conducting of these evaluations is essential to  
4 holding county alcohol and other drug programs accountable for  
5 their use of state funds and increasing program effectiveness. The  
6 Legislature recognizes the beneficial results of the local evaluation  
7 process to those participating in this process, ~~as described in the~~  
8 ~~county plan.~~

9 The Legislature desires to encourage experimentation and  
10 diversity in the methods utilized by counties to evaluate the county  
11 alcohol and other drug programs' achievement of their objectives,  
12 including, but not limited to, evaluations of individuals' progress,  
13 changes in utilization rates, changes in community attitudes, and  
14 measurement of specific programmatic goals in order to advance  
15 our knowledge about the effectiveness of programs in alleviating  
16 alcohol and other drug problems.

17 *SEC. 48. Section 11828 of the Health and Safety Code is*  
18 *amended to read:*

19 11828. Each county shall ~~assure~~ *ensure* the evaluation of all  
20 ~~state-funded~~ *funded* programs to determine whether they have  
21 achieved their objectives as determined in the planning process.  
22 In addition, recognizing the difficulty and expense of conducting  
23 effective county alcohol and other drug program evaluation, the  
24 department may assist counties in developing evaluation designs  
25 for implementation by counties to measure progress of alcohol or  
26 other drug users, changes in community attitudes toward  
27 inappropriate alcohol use and other drug problems, changes in the  
28 incidence and prevalence of alcohol and other drug problems within  
29 the county, or other objectives identified in the planning process.  
30 The department, in cooperation with counties that choose to  
31 participate, may assist and fund counties to implement the  
32 evaluation designs developed. Counties may contract with public  
33 or private agencies and utilize funds allocated under this part for  
34 purposes of conducting the evaluations.

35 *SEC. 49. Section 11830.1 of the Health and Safety Code is*  
36 *amended to read:*

37 11830.1. In order to ensure quality assurance of alcohol and  
38 other drug programs and expand the availability of funding  
39 resources, the department shall implement a program certification  
40 procedure for alcohol and other drug treatment recovery services



~~funded under this part.~~ The department, after consultation with the County Alcohol and Drug Program Administrators Association of California, and other interested organizations and individuals, shall develop standards and regulations for the alcohol and other drug treatment recovery services describing the minimal level of service quality required of the service providers to qualify for and obtain state certification. The standards shall be excluded from the rulemaking requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Compliance with these standards shall be voluntary on the part of programs. For the purposes of Section 2626.2 of the Unemployment Insurance Code, certification shall be equivalent to program review.

*SEC. 50. Section 11833 of the Health and Safety Code is amended to read:*

11833. The department shall have the sole authority in state government to determine the qualifications, including the appropriate skills, education, training, and experience of personnel working within alcoholism or drug abuse recovery and treatment programs *licensed, certified, or funded under this part.*

*SEC. 51. Section 11835 of the Health and Safety Code is amended to read:*

11835. (a) The purposes of any regulations adopted by the department shall be to implement, interpret, or make specific the provisions of this part and shall not exceed the authority granted to the department pursuant to this part. To the extent possible, the regulations shall be written in clear and concise language and adopted only when necessary to further the purposes of this part.

(b) Except as provided in this section *and Sections 11772, 11798, 11798.2, 11814, 11817.8, 11852.5*, the department may adopt regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Title 2 of the Government Code) necessary for the proper execution of the powers and duties granted to and imposed upon the department by this part. However, these regulations may be adopted only upon the following conditions:

(1) Prior to adoption of regulations, the department shall consult with county alcohol and drug program administrators and may

1 consult with any other appropriate persons relating to the proposed  
2 regulations.

3 (2) If an absolute majority of the designated county alcohol and  
4 drug program administrators who represent counties that have  
5 submitted county plans, ~~negotiated net amount contracts, or Drug~~  
6 ~~Medi-Cal~~ contracts, vote at a public meeting called by the  
7 department, for which 45 days' advance notice shall be given by  
8 the department, to reject the proposed regulations, the department  
9 shall refer the matter for a decision to a committee, consisting of  
10 a representative of the county alcohol and drug program  
11 administrators, the director, the secretary, and one designee of the  
12 secretary. The decision shall be made by a majority vote of this  
13 committee at a public meeting convened by the department. Upon  
14 a majority vote of the committee recommending adoption of the  
15 proposed regulations, the department may then adopt them. Upon  
16 a majority vote recommending that the department not adopt the  
17 proposed regulations, the department shall then consult again with  
18 the county alcohol and drug program administrators and resubmit  
19 the proposed regulations to the administrators for a vote pursuant  
20 to this subdivision.

21 (3) In the voting process described in paragraph (2), no proxies  
22 shall be allowed nor may anyone other than the designated county  
23 alcohol and drug program administrator, director, secretary, and  
24 secretary's designee vote at the meetings.

25 *SEC. 52. Section 11839 of the Health and Safety Code is*  
26 *amended to read:*

27 11839. The department, with the approval of the Secretary of  
28 ~~the California~~ Health and Human Services ~~Agency~~, may contract  
29 with any public or private agency for the performance of any of  
30 the functions vested in the department by this chapter. Any  
31 department of the state is authorized to enter into ~~such~~ a contract  
32 *described in this section.*

33 *SEC. 53. Section 11839.2 of the Health and Safety Code is*  
34 *amended to read:*

35 11839.2. The following controlled substances are authorized  
36 for use in replacement narcotic therapy by licensed narcotic  
37 treatment programs:

38 (a) Methadone.

39 (b) Levoalphacetylmethadol (LAAM) as specified in paragraph  
40 (10) of subdivision (c) of Section 11055.

1 (c) Buprenorphine products or combination of products  
2 approved by the federal Food and Drug Administration for  
3 maintenance or detoxification of opioid dependence.

4 (d) Any other federally approved, controlled substances used  
5 for the purpose of narcotic replacement treatment.

6 SEC. 54. Article 1 (commencing with Section 11840) of Chapter  
7 11 of Part 2 of Division 10.5 of the Health and Safety Code is  
8 repealed.

9 SEC. 55. Article 2 (commencing with Section 11840.1) of  
10 Chapter 11 of Part 2 of Division 10.5 of the Health and Safety  
11 Code is repealed.

12 SEC. 56. Section 11848 of the Health and Safety Code is  
13 repealed.

14 ~~11848. (a) (1) Alcohol and other drug abuse services allowable~~  
15 ~~under the Medi-Cal program (Chapter 7 (commencing with Section~~  
16 ~~14000) of Part 3 of Division 9 of the Welfare and Institutions Code)~~  
17 ~~as approved by the department and the State Department of Health~~  
18 ~~Services as qualified for financial participation under Title XIX~~  
19 ~~of the federal Social Security Act (42 U.S.C. Sec. 1396 et seq.)~~  
20 ~~shall be funded, notwithstanding Sections 11817.3, 11840, and~~  
21 ~~11840.1, at 100 percent of the state and federal cost by using the~~  
22 ~~county's existing state General Fund allocation, as appropriated~~  
23 ~~in the department's annual budget, to first fund the state's portion~~  
24 ~~of the allowable costs.~~

25 ~~(2) For each fiscal year there shall be a separate state General~~  
26 ~~Fund appropriation in Item 4200-101-0001 of the department's~~  
27 ~~annual budget for non-Drug Medi-Cal nonperinatal services. There~~  
28 ~~shall also be an appropriation in Item 4200-102-0001 of the~~  
29 ~~department's annual budget for Drug Medi-Cal nonperinatal~~  
30 ~~services.~~

31 ~~(3) For each fiscal year there shall be a separate state General~~  
32 ~~Fund appropriation in Item 4200-103-0001 of the department's~~  
33 ~~annual budget for Drug Medi-Cal perinatal services. Non-Drug~~  
34 ~~Medi-Cal perinatal services shall be appropriated in Item~~  
35 ~~4200-104-0001 of the department's annual budget.~~

36 ~~(4) The department shall maintain a contingency reserve of~~  
37 ~~unexpended state General Funds appropriated for Drug Medi-Cal~~  
38 ~~allowable services pursuant to subdivision (c) of Section 14132.90~~  
39 ~~of the Welfare and Institutions Code.~~

~~(5) Unexpended moneys appropriated from the state General Fund for Drug Medi-Cal expenditures may be transferred for use by counties for non-Drug Medi-Cal expenditures. Unexpended moneys appropriated for Drug Medi-Cal expenditures may not be used to provide matching funds for federal financial participation.~~

~~(b) The intent of the Legislature in enacting this section is to provide a funding source for counties to establish alcohol and other drug abuse services without any increased costs to the state General Fund and at the same time not to require the county to provide additional matching funds in order for the county to use a portion of its state share of local drug programs Medi-Cal funds now available to counties without a required 10-percent match.~~

*SEC. 57. Section 11848.5 of the Health and Safety Code is amended to read:*

11848.5. (a) Once the negotiated rate *with service providers* has been approved by the county, all participating governmental funding sources, except the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code), shall be bound to that rate as the cost of providing all or part of the total county alcohol and other drug program as described in the county ~~plan~~ *contract* for each fiscal year to the extent that the governmental funding sources participate in funding the county alcohol and other drug program. Where the State Department of Health Services adopts regulations for determining reimbursement of alcohol and other drug program services formerly allowable under the Short-Doyle program and reimbursed under the Medi-Cal Act, those regulations shall be controlling only as to the rates for reimbursement of alcohol and other drug program services allowable under the Medi-Cal program and rendered to Medi-Cal beneficiaries. Providers under this section shall report to the department and the county any information required by the department in accordance with the procedures established by the director of the department.

(b) The Legislature recognizes that alcohol and other drug abuse services differ from mental health services provided through the State Department of ~~Mental Health Care Services~~ and therefore should not necessarily be bound by rate determination methodology used for reimbursement of those services formerly provided under the Short-Doyle program and reimbursed under the Medi-Cal Act. The department and the State Department of Health Services shall,

1 pursuant to Section 14021.5 of the Welfare and Institutions Code,  
2 develop a ratesetting methodology suitable for alcohol and other  
3 drug services reimbursed under the Medi-Cal program using an  
4 all-inclusive rate encompassing the costs of reimbursable service  
5 functions provided by each authorized modality.

6 *SEC. 58. Section 11851.5 of the Health and Safety Code is*  
7 *amended to read:*

8 11851.5. In addition to those expenditures authorized under  
9 Section 11851, expenditures ~~subject to payment~~ shall include  
10 expenses incurred by members of the local advisory board on  
11 alcohol and other drug programs in providing alcohol and other  
12 drug program services through the implementation of *an* executed  
13 ~~negotiated net amount contracts, and Drug Medi-Cal contracts, or~~  
14 ~~approved county plans~~ *county contract*. Payment shall be made of  
15 actual and necessary expenses of members incurred incident to  
16 the performance of their official duties and may include travel,  
17 lodging, and meals while on official business.

18 *SEC. 59. Section 11852 of the Health and Safety Code is*  
19 *repealed.*

20 ~~11852. Whenever a county receives funds under a grant~~  
21 ~~program for alcohol and other drug abuse services, as well as under~~  
22 ~~the county plan, negotiated net amount contract, and Drug~~  
23 ~~Medi-Cal contract, whichever is applicable, from either the federal~~  
24 ~~or state government, or from any other grantor, public or private,~~  
25 ~~and fails to include that grant program in the county plan,~~  
26 ~~negotiated net amount contract, and Drug Medi-Cal contract,~~  
27 ~~whichever is applicable, and alcohol and other drug program~~  
28 ~~budget, the director shall not thereafter approve any, or provide,~~  
29 ~~advance payment claims submitted by the county for state~~  
30 ~~reimbursement under this part unless and until the county plan,~~  
31 ~~negotiated net amount contract, and Drug Medi-Cal contract,~~  
32 ~~whichever is applicable, and alcohol and other drug program budget~~  
33 ~~has been reviewed to include that grant program and the revised~~  
34 ~~county plan, negotiated net amount contract, and Drug Medi-Cal~~  
35 ~~contract, whichever is applicable, and budget is approved by the~~  
36 ~~director.~~

37 *SEC. 60. Section 11852.5 of the Health and Safety Code is*  
38 *amended to read:*

39 11852.5. (a) Charges shall be made for services rendered to  
40 each person under a county ~~plan~~ *contract* in accordance with this

1 section. Charges for the care and treatment of each client receiving  
2 service under a county plan, ~~negotiated net amount contract, and~~  
3 ~~Drug Medi-Cal contract, whichever is applicable~~, shall not exceed  
4 the actual cost thereof as determined by the director in accordance  
5 with standard accounting practices. The fee requirement shall not  
6 apply to prevention and early intervention services. The director  
7 is not prohibited from including the amount of expenditures for  
8 capital outlay or the interest thereon, or both, in his or her  
9 determination of actual cost. The responsibility of a client, his or  
10 her estate, or his or her responsible relatives to pay the charges  
11 shall be determined in accordance with this section.

12 (b) Each county shall determine the liability of clients rendered  
13 services under a county plan, ~~negotiated net amount contract, and~~  
14 ~~Drug Medi-Cal contract, whichever is applicable~~, and of their  
15 estates or responsible relatives, to pay the charges according to  
16 ability to pay. Each county shall collect the charges. The county  
17 shall establish and maintain policies and procedures for making  
18 the determinations of liability and collections, by collecting  
19 third-party payments and from other sources to the maximum  
20 extent practicable. The written criteria shall be a public record and  
21 shall be made available to the department or any individual. Fees  
22 collected shall be retained at the local level and be applied toward  
23 the purchase of additional drug services.

24 (c) Services shall not be denied because of a client's ability or  
25 inability to pay. County-operated and contract providers of  
26 treatment services shall set and collect fees using methods approved  
27 by the county alcohol and drug program administrator. All  
28 approved fee systems shall conform to all of the following  
29 guidelines and criteria:

- 30 (1) The fee system used shall be equitable.  
31 (2) The fee charged shall not exceed actual cost.  
32 (3) Systems used shall consider the client's income and  
33 expenses.

34 (4) Each provider fee system shall be approved by the county  
35 alcohol and drug program administrator. A description of each  
36 approved system shall be on file in the county board office.

37 (d) To ensure an audit trail, the county or provider, or both, shall  
38 maintain all of the following records:

- 39 (1) Fee assessment schedules and collection records.

1 (2) Documents in each client's file showing client's income and  
2 expenses, and how each was considered in determining fees.

3 (e) Each county shall furnish the director with a cost report of  
4 information the director shall require to enable the director to  
5 maintain a cost-reporting system of the costs of alcohol and other  
6 drug program services in the county funded in whole or in part by  
7 ~~state-administered funds~~ *identified in the county contract with the*  
8 *department*. The cost-reporting system established pursuant to this  
9 section shall supersede the requirements of paragraph (2) of  
10 subdivision (b) of Section 16366.7 of the Government Code for a  
11 quarterly fiscal reporting system. An annual cost report, for the  
12 fiscal year ending June 30, shall be submitted to the department  
13 by November 1.

14 (f) The Legislature recognizes that alcohol and other drug  
15 programs may provide a variety of services described in this part,  
16 which services will vary depending on the needs of the  
17 communities that the programs serve. In devising a system to ~~assure~~  
18 ~~ensure~~ that a county has expended its funds pursuant to ~~any~~  
19 ~~applicable executed negotiated net amount contract, Drug Medi-Cal~~  
20 ~~contract, and an approved county plan contract~~, including the  
21 budget portions of the ~~plan contract~~, the department shall take into  
22 account the flexibility that a county has in the provision of services  
23 and the changing nature of alcohol and other drug programs in  
24 responding to the community's needs.

25 (g) The department shall maintain a reporting system to ~~assure~~  
26 ~~ensure~~ that counties have budgeted and expended their funds  
27 pursuant to their ~~executed negotiated net amount contracts, Drug~~  
28 ~~Medi-Cal contracts, and approved county plans, whichever is~~  
29 ~~applicable~~ *approved contracts*.

30 (h) (1) *Notwithstanding the rulemaking provisions of Chapter*  
31 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*  
32 *Title 2 of the Government Code, the department may implement,*  
33 *interpret, or make specific the amendments to this section made*  
34 *by the act that added this subdivision by means of all-county letters,*  
35 *plan letters, plan or provider bulletins, or similar instructions from*  
36 *the department until regulations are adopted pursuant to that*  
37 *chapter of the Government Code.*

38 (2) *The department shall adopt emergency regulations no later*  
39 *than July 1, 2014. The department may subsequently readopt any*  
40 *emergency regulation authorized by this section that is the same*

1 *as or is substantially equivalent to an emergency regulation*  
2 *previously adopted pursuant to this section.*

3 *(3) The initial adoption of emergency regulations implementing*  
4 *the amendments to this section and the one readoption of*  
5 *emergency regulations authorized by this subdivision shall be*  
6 *deemed an emergency and necessary for the immediate*  
7 *preservation of the public peace, health, safety, or general welfare.*  
8 *Initial emergency regulations and the one readoption of emergency*  
9 *regulations authorized by this section shall be exempt from review*  
10 *by the Office of Administrative Law. The initial emergency*  
11 *regulations and the one readoption of emergency regulations*  
12 *authorized by this section shall be submitted to the Office of*  
13 *Administrative Law for filing with the Secretary of State and each*  
14 *shall remain in effect for no more than 180 days, by which time*  
15 *final regulations may be adopted.*

16 *SEC. 61. Section 11853 of the Health and Safety Code is*  
17 *amended to read:*

18 11853. Counties are encouraged to contract with providers for  
19 the provision of *alcohol and drug abuse* services ~~funded through~~  
20 ~~the county's executed negotiated net amount contract, Drug~~  
21 ~~Medi-Cal contract, and approved county plan, whichever is~~  
22 ~~applicable.~~ Counties shall comply with the regulations of the  
23 department for the management of contracts with community  
24 organizations, ~~as contained in the county administration and~~  
25 ~~program services regulations as developed by the department.~~

26 *SEC. 62. Section 11853.5 of the Health and Safety Code is*  
27 *repealed.*

28 ~~11853.5. The department shall review each county's executed~~  
29 ~~negotiated net amount contract, Drug Medi-Cal contract, and~~  
30 ~~approved county plan, whichever is applicable, to determine that~~  
31 ~~it complies with the requirements of this part and with the standards~~  
32 ~~adopted under this part.~~

33 *SEC. 63. Section 11860 of the Health and Safety Code is*  
34 *repealed.*

35 ~~11860. The state department, with the approval of the Secretary~~  
36 ~~of California Health and Human Services Agency, may contract~~  
37 ~~with any public or private agency for the performance of any of~~  
38 ~~the functions vested in the department by this chapter. Any state~~  
39 ~~department is authorized to enter into a contract described in this~~  
40 ~~section.~~



1     *SEC. 64. Section 11875 of the Health and Safety Code is*  
2     *repealed.*

3     ~~11875. The following controlled substances are authorized for~~  
4     ~~use in replacement narcotic therapy by licensed narcotic treatment~~  
5     ~~programs:~~

6     ~~(a) Methadone.~~

7     ~~(b) Levoalphacetylmethadol (LAAM) as specified in paragraph~~  
8     ~~(10) of subdivision (c) of Section 11055.~~

9     ~~(c) Buprenorphine products or combination products approved~~  
10    ~~by the federal Food and Drug Administration for maintenance or~~  
11    ~~detoxification of opioid dependence.~~

12    ~~(d) Any other federally approved controlled substances used~~  
13    ~~for the purpose of narcotic replacement treatment.~~

14    *SEC. 65. Section 11876 of the Health and Safety Code is*  
15    *amended to read:*

16    11876. The department shall inspect programs dispensing  
17    controlled substances described in subdivision (c) of Section ~~11875~~  
18    11839.2 to ensure that the programs are operating in compliance  
19    with applicable federal statutes and regulations, including the  
20    provisions of Part 8 of Title 42 of the Code of Federal Regulations.

21    *SEC. 66. Article 2 (commencing with Section 11970.1) of*  
22    *Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code*  
23    *is repealed.*

24    *SEC. 67. Article 1 (commencing with Section 11970) is added*  
25    *to Chapter 2 of Part 3 of Division 10.5 of the Health and Safety*  
26    *Code, to read:*

27  
28     *Article 1. Comprehensive Drug Court Implementation Act of*  
29                                     1999  
30

31     11970. (a) *This article shall be known and may be cited as*  
32     *the Comprehensive Drug Court Implementation Act of 1999.*

33     (b) *The State Department of Alcohol and Drug Programs shall*  
34     *provide oversight of this article.*

35     (c) *The department and the Judicial Council shall design and*  
36     *implement this article through the Drug Court Partnership*  
37     *Executive Steering Committee established under the former Drug*  
38     *Court Partnership Act of 1998 pursuant to former Section 11970,*  
39     *for the purpose of funding cost-effective local drug court systems*

1 *for adults, juveniles, and parents of children who are detained by,*  
2 *or are dependents of, the juvenile court.*

3 *11971. (a) (1) At its option, a county may provide a program*  
4 *authorized by this article. A county that chooses to provide a*  
5 *program shall ensure that any funds used for the program are used*  
6 *in compliance with the requirements for receipt of federal block*  
7 *grant funds for prevention and treatment of substance abuse*  
8 *described in Subchapter XVII of Chapter 6A of Title 42 of the*  
9 *United States Code and other federal provisions governing the*  
10 *receipt of federal funds.*

11 *(2) The funds contained in each county's Behavioral Health*  
12 *Subaccount of the Support Services Account of the Local Revenue*  
13 *Fund 2011 may be used to fund the cost of drug court treatment*  
14 *programs for the purpose of applying for federal grant funds from*  
15 *the federal Substance Abuse and Mental Health Services*  
16 *Administration as described in Section 11775.*

17 *(b) If a county chooses to provide a drug court program, a*  
18 *county alcohol and drug program administrator and the presiding*  
19 *judge in the county shall develop, as part of the contract for alcohol*  
20 *and other drug abuse services, a plan for the operation of drug*  
21 *court program that shall include the information necessary for the*  
22 *state to ensure a county's compliance with the provisions for*  
23 *receipt of the federal block grant funds for prevention and*  
24 *treatment of substance abuse found at Subchapter XVII of Chapter*  
25 *6A of Title 42 of the United States Code and other applicable*  
26 *federal provisions for funds.*

27 *(c) The plan shall do all of the following:*

28 *(1) Describe existing programs that serve substance abusing*  
29 *adults, juveniles, and parents of children who are detained by, or*  
30 *are dependents of, the juvenile court.*

31 *(2) Provide a local action plan for implementing cost-effective*  
32 *drug court systems, including any or all of the following drug court*  
33 *systems:*

34 *(A) Drug courts operating pursuant to Sections 1000 to 1000.5,*  
35 *inclusive, of the Penal Code.*

36 *(B) Drug courts for juvenile offenders.*

37 *(C) Drug courts for parents of children who are detained by,*  
38 *or are dependents of, the juvenile court.*

39 *(D) Drug courts for parents of children in family law cases*  
40 *involving custody and visitation issues.*

1     (E) Other drug court systems that are approved by the Drug  
2     Court Partnership Executive Steering Committee.

3     (3) Develop information-sharing systems to ensure that county  
4     actions are fully coordinated, and to provide data for measuring  
5     the success of the local action plan in achieving its goals.

6     (4) Identify outcome measures that will determine the cost  
7     effectiveness of the local action plan.

8     11972. It is the intent of the Legislature that drug court  
9     programs be designed and operated in accordance with the  
10    document entitled “Defining Drug Courts: The Key Components,”  
11    developed by the National Association of Drug Court Professionals  
12    and Drug Court Standards Committee (reprinted 2004). It is the  
13    intent of the Legislature that the key components of the programs  
14    include:

15    (a) Integration by drug courts of alcohol and other drug  
16    treatment services with justice system case processing.

17    (b) Promotion of public safety, while protecting participants’  
18    due process rights, by prosecution and defense counsel using a  
19    nonadversarial approach.

20    (c) Early identification of eligible participants and prompt  
21    placement in the drug court program.

22    (d) Access provided by drug courts to a continuum of alcohol,  
23    drug, and other related treatment and rehabilitation services.

24    (e) Frequent alcohol and other drug testing to monitor  
25    abstinence.

26    (f) A coordinated strategy to govern drug court responses to  
27    participants’ compliance.

28    (g) Ongoing judicial interaction with each drug court participant  
29    is essential.

30    (h) Monitoring and evaluation to measure the achievement of  
31    program goals and gauge effectiveness

32    (i) Continuing interdisciplinary education to promote effective  
33    drug court planning, implementation, and operations.

34    (j) Forging partnerships among drug courts, public agencies,  
35    and community-based organizations to generate local support and  
36    enhance drug court program effectiveness.

37    11973. (a) It is the intent of the Legislature that dependency  
38    drug courts be funded unless an evaluation of cost avoidance as  
39    provided in this section with respect to child welfare services and  
40    foster care demonstrates that the program is not cost effective.

1     **(b)** *The State Department of Social Services, in collaboration*  
2 *with the State Department of Alcohol and Drug Programs and the*  
3 *Judicial Council, shall conduct an evaluation of cost avoidance*  
4 *with respect to child welfare services and foster care pursuant to*  
5 *this section. These parties shall do all of the following:*

6     **(1)** *Consult with legislative staff and at least one representative*  
7 *of an existing dependency drug court program who has experience*  
8 *conducting an evaluation of cost avoidance, to clarify the elements*  
9 *to be reviewed.*

10    **(2)** *Identify requirements, such as specific measures of cost*  
11 *savings and data to be evaluated, and methodology for use of*  
12 *control cases for comparison data.*

13    **(3)** *Whenever possible, use existing evaluation case samples to*  
14 *gather the necessary additional data.*

15    11974. **(a)** *Notwithstanding the rulemaking provisions of*  
16 *Chapter 3.5 (commencing with Section 11340) of Part 1 of Division*  
17 *3 of Title 2 of the Government Code, the department may*  
18 *implement, interpret, or make specific the amendments to this*  
19 *article made by the act that added this section by means of*  
20 *all-county letters, plan letters, plan or provider bulletins, or similar*  
21 *instructions from the department until regulations are adopted*  
22 *pursuant to that chapter of the Government Code.*

23    **(b)** *The department shall adopt emergency regulations no later*  
24 *than July 1, 2014. The department may subsequently readopt any*  
25 *emergency regulation authorized by this section that is the same*  
26 *as or is substantially equivalent to an emergency regulation*  
27 *previously adopted pursuant to this section.*

28    **(c)** *The initial adoption of emergency regulations implementing*  
29 *this article and the one readoption of emergency regulations*  
30 *authorized by this section shall be deemed an emergency and*  
31 *necessary for the immediate preservation of the public peace,*  
32 *health, safety, or general welfare. Initial emergency regulations*  
33 *and the one readoption of emergency regulations authorized by*  
34 *this section shall be exempt from review by the Office of*  
35 *Administrative Law. The initial emergency regulations and the*  
36 *one readoption of emergency regulations authorized by this section*  
37 *shall be submitted to the Office of Administrative Law for filing*  
38 *with the Secretary of State and each shall remain in effect for no*  
39 *more than 180 days, by which time final regulations may be*  
40 *adopted.*

1     *SEC. 68. Article 3 (commencing with Section 11970.45) of*  
2     *Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code*  
3     *is repealed.*

4     *SEC. 69. Article 2 (commencing with Section 11975) is added*  
5     *to Chapter 2 of Part 3 of Division 10.5 of the Health and Safety*  
6     *Code, to read:*

7  
8             *Article 2. Drug Court Partnership Act of 2002*  
9

10     *11975. (a) This article shall be known and may be cited as*  
11     *the Drug Court Partnership Act of 2002.*

12     *(b) The Drug Court Partnership Program, as provided for in*  
13     *this article, shall be administered by the State Department of*  
14     *Alcohol and Drug Programs for the purpose of providing*  
15     *assistance to drug courts that accept only defendants who have*  
16     *been convicted of felonies. The department and the Judicial Council*  
17     *shall design and implement this program through the Drug Court*  
18     *Systems Steering Committee as originally established by the*  
19     *department and the Judicial Council to implement the former Drug*  
20     *Court Partnership Act of 1998 (Article 3 (commencing with Section*  
21     *11970).*

22     *(c) (1) The department shall require counties that participate*  
23     *in the Drug Court Partnership Program to submit a revised*  
24     *multiagency plan that is in conformance with the Drug Court*  
25     *Systems Steering Committee's recommended guidelines. Revised*  
26     *multiagency plans that are reviewed and approved by the*  
27     *department and recommended by the Drug Court Systems Steering*  
28     *Committee shall be funded for the 2002–03 fiscal year under this*  
29     *article. The department, without a renewal of the Drug Court*  
30     *Systems Steering Committee's original recommendation, may*  
31     *disburse future year appropriations to the grantees.*

32     *(2) The multiagency plan shall identify the resources and*  
33     *strategies for providing an effective drug court program exclusively*  
34     *for convicted felons who meet the requirements of this article and*  
35     *the guidelines adopted thereunder, and shall set forth the basis*  
36     *for determining eligibility for participation that will maximize*  
37     *savings to the state in avoided prison costs.*

38     *(3) The multiagency plan shall include, but not be limited to,*  
39     *all of the following components:*

1 (A) *The method by which the drug court will ensure that the*  
2 *target population of felons will be identified and referred to the*  
3 *drug court.*

4 (B) *The elements of the treatment and supervision programs.*

5 (C) *The method by which the grantee will provide the specific*  
6 *outcomes and data required by the department to determine state*  
7 *prison savings or cost avoidance.*

8 (D) *Assurance that funding received pursuant to this article*  
9 *will be used to supplement, rather than supplant, existing*  
10 *programs.*

11 (d) *Funds shall be used only for programs that are identified*  
12 *in the approved multiagency plan. Acceptable uses may include,*  
13 *but shall not be limited to, any of the following:*

14 (1) *Drug court coordinators.*

15 (2) *Training.*

16 (3) *Drug Testing.*

17 (4) *Treatment.*

18 (5) *Transportation.*

19 (6) *Other costs related to substance abuse treatment.*

20 (e) *The department shall identify and design a data collection*  
21 *instrument to determine state prison cost savings and avoidance*  
22 *from this program.*

23 SEC. 70. *Section 11999.6 of the Health and Safety Code is*  
24 *amended to read:*

25 11999.6. Moneys deposited in the Substance Abuse Treatment  
26 Trust Fund shall be distributed annually by the Secretary of the  
27 California Health and Human Services Agency through the State  
28 Department of Alcohol and Drug Programs to counties to cover  
29 the costs of placing persons in and providing drug treatment  
30 programs under this act, and vocational training, family counseling,  
31 and literacy training under this act. Additional costs that may be  
32 reimbursed from the Substance Abuse Treatment Trust Fund  
33 include probation department costs, court monitoring costs, and  
34 any miscellaneous costs made necessary by the provisions of this  
35 act other than drug testing services of any kind. Incarceration costs  
36 cannot be reimbursed from the fund. Those moneys shall be  
37 allocated to counties through a fair and equitable distribution  
38 formula that includes, but is not limited to, per capita arrests for  
39 controlled substance possession violations and substance abuse  
40 treatment caseload, as determined by the department as necessary

1 to carry out the purposes of this act. The department may reserve  
2 a portion of the fund to pay for direct contracts with drug treatment  
3 service providers in counties or areas in which the director of the  
4 department has determined that demand for drug treatment services  
5 is not adequately met by existing programs. However, nothing in  
6 this section shall be interpreted or construed to allow any entity  
7 to use funds from the Substance Abuse Treatment Trust Fund to  
8 supplant funds from any existing fund source or mechanism  
9 currently used to provide substance abuse treatment. In addition,  
10 funds from the Substance Abuse Treatment Trust Fund shall not  
11 be used to fund in any way the drug treatment courts established  
12 pursuant to Article 2 (commencing with Section 11970.1) or Article  
13 3 (commencing with Section 11970.4) of Chapter 2 of Part 3 of  
14 Division 10.5, including drug treatment or probation supervision  
15 associated with those drug treatment courts.

16 *SEC. 71. Section 4369.4 of the Welfare and Institutions Code*  
17 *is amended to read:*

18 4369.4. All state agencies, including, but not limited to, the  
19 California Horse Racing Board, the California Gambling Control  
20 Commission, the Department of Justice, and any other agency that  
21 regulates casino gambling or cardrooms within the state, and the  
22 Department of Corrections, ~~the California Youth Authority, the~~  
23 ~~State Departments of Health Services and Rehabilitation, the State~~  
24 ~~Department of Alcohol and Drug Programs, and Mental Health~~  
25 ~~the State Department of Health Care Services,~~ and the California  
26 State Lottery, shall coordinate with the office to ensure that state  
27 programs take into account, as much as practicable, problem and  
28 pathological gamblers. The office shall also coordinate and work  
29 with other entities involved in gambling and the treatment of  
30 problem and pathological gamblers.

31 *SEC. 71.5. Section 10605.1 is added to the Welfare and*  
32 *Institutions Code, to read:*

33 10605.1. (a) *If a federal disallowance or other financial*  
34 *penalty is imposed on the state based on the results of the federal*  
35 *Children and Family Services Review pursuant to Section 1320a-2a*  
36 *of Title 42 of the United States Code, the department, in*  
37 *consultation with the California State Association of Counties,*  
38 *shall develop an apportionment of the total counties' share of the*  
39 *penalty pursuant to paragraph (3) of subdivision (e) of Section*  
40 *30026.5 of the Government Code to the individual counties whose*

1 *performance contributed to the failure to meet the federal outcome*  
2 *target upon which the federal disallowance or other financial*  
3 *penalty is based.*

4 *(b) The apportionment of the total counties' share of the penalty*  
5 *to the appropriate individual counties shall include, but not be*  
6 *limited to, the following:*

7 *(1) For individual counties subject to a share of the federal*  
8 *disallowance or other financial penalty pursuant to this section*  
9 *that did not expend in the fiscal year upon which the federal*  
10 *disallowance or financial penalty is based an amount equivalent*  
11 *to 90 percent of that which the county would have had to spend in*  
12 *the 2011–12 fiscal year in the absence of 2011 Realignment*  
13 *Legislation to access the augmentation funding pursuant to Section*  
14 *10609.9, as that section read prior to the enactment of 2011*  
15 *Realignment Legislation, on services that were previously funded*  
16 *from the General Fund from with Child Welfare Services Allocation*  
17 *prior to the enactment of 2011 Realignment Legislation, an*  
18 *increased share of the federal disallowance or other financial*  
19 *penalty as calculated in paragraph (2). The determination of*  
20 *whether a county expended the amount necessary to be eligible*  
21 *for the allocation pursuant to this subdivision shall be made based*  
22 *on claims for that fiscal year received by the department as of*  
23 *August 1 of the subsequent fiscal year to the fiscal year in which*  
24 *the federal disallowance or financial penalty is based.*

25 *(2) For every percentage point below the 90 percent expenditure*  
26 *level pursuant to paragraph (1), the individual county's share of*  
27 *the federal disallowance or other financial penalty shall be*  
28 *increased by 2 percentage points. Percentages shall be rounded*  
29 *up or down to the nearest full percentage for purposes of this*  
30 *paragraph.*

31 *(3) Small counties, defined as those counties with a population*  
32 *of 50,000 or fewer pursuant to demographic information released*  
33 *each year by the Department of Finance, are exempt from the*  
34 *minimum expenditure requirement and the increased share of*  
35 *penalties pursuant to paragraphs (1) and (2).*

36 *(4) The increased share of federal disallowances or other*  
37 *financial penalties pursuant to paragraph (2) shall not be imposed*  
38 *on any county if the revenues received pursuant to Sections 6051.15*  
39 *and 6201.15 and allocated to the county's Protective Services*  
40 *Subaccount within the Support Services Account in the fiscal year*



1 upon which the federal disallowance or other financial penalty is  
2 based do not equal the maximum level of funds allocated to the  
3 county's Protective Services Subaccount within the Support  
4 Services Account in any fiscal year prior to the fiscal year upon  
5 which the federal disallowance or other financial penalty is based  
6 plus additional amounts if necessary to fully fund foster care  
7 assistance and Adoption Assistance Program payments in the fiscal  
8 year upon which the federal disallowance or other financial penalty  
9 is based.

10 (5) The director is authorized to waive the additional county  
11 share of federal disallowances or other financial penalties.

12 SEC. 72. Section 14021 of the Welfare and Institutions Code  
13 is amended to read:

14 14021. Notwithstanding any other provision of this chapter,  
15 health care shall include the following mental health *and substance*  
16 *use disorder* services:

17 (a) Mental health services provided by a county or a city.

18 (b) Mental health services provided in a ~~Short-Doyle~~ community  
19 mental health service or in a community mental health center  
20 organized under the ~~Federal~~ federal Community Mental Health  
21 Centers Act of 1963. No amount shall be paid for that portion of  
22 the total costs of care and services in a federally funded community  
23 mental health center which may be compensated by the United  
24 States government under the *federal* Community Mental Health  
25 Centers Act of 1963. No amount shall be paid to a ~~Short-Doyle~~  
26 community mental health service or a federally funded community  
27 mental health center unless the ~~Short-Doyle~~ community mental  
28 health service or the federally funded community mental health  
29 center participates in a county or city mental health performance  
30 contract pursuant to Section 5650.

31 (c) ~~Outpatient drug abuse~~ *Drug Medi-Cal outpatient substance*  
32 *use disorder* services under the jurisdiction of the ~~State Department~~  
33 ~~of Alcohol and Drug Programs~~ *department* provided by a county  
34 provider certified under this chapter or a private provider certified  
35 under this chapter which has an approved contract with the county  
36 or with the ~~State Department of Alcohol and Drug Programs~~  
37 *department* to provide covered ~~drug abuse~~ *substance use disorder*  
38 services.

39 (d) Inpatient hospital services in an institution for mental  
40 diseases to persons of all ages, provided that the institution for

1 mental diseases is certified as a psychiatric hospital under Title  
2 XVIII of the federal Social Security Act and regulations issued  
3 thereunder.

4 Notwithstanding Section 14157, no money in the State Health  
5 Care Deposit Fund shall be expended for the purposes of this  
6 section unless the Legislature specifically appropriates money for  
7 the purposes of this section.

8 The amendment of this subdivision enacted at the 1972 Regular  
9 Session of the Legislature does not constitute a change in, but is  
10 declaratory of, the preexisting law.

11 (e) (1) Other diagnostic, screening, preventive, or remedial  
12 rehabilitative services for the maximum restoration of an individual  
13 to the best possible functional level.

14 (2) Paragraph (1) includes any medical or remedial services  
15 provided in a facility, home, or other setting, that are recommended  
16 by a physician or other licensed practitioner of the healing arts  
17 within the scope of his or her practice under state law.

18 *SEC. 73. Section 14021.30 of the Welfare and Institutions Code*  
19 *is amended to read:*

20 14021.30. (a) It is the intent of the Legislature to transfer to  
21 the State Department of Health Care Services, no later than July  
22 1, 2012, the administration of the Drug Medi-Cal program from  
23 the State Department of Alcohol and Drug Programs. It is further  
24 the intent of the Legislature that this transfer should happen  
25 efficiently and effectively, with no unintended interruptions in  
26 service delivery. This transfer is intended to do all of the following:

27 (1) Improve access to alcohol and drug treatment services,  
28 including a focus on recovery and rehabilitation services.

29 (2) More effectively integrate the financing of services,  
30 including the receipt of federal funds.

31 (3) Improve state accountability and outcomes.

32 (4) Provide focused, high-level leadership for behavioral health  
33 services.

34 (b) Effective July 1, 2012, the administrative functions for the  
35 Drug Medi-Cal program that were previously performed by the  
36 State Department of Alcohol and Drug Programs are transferred  
37 to the department.

38 (c) Notwithstanding subdivision (b), the department and the  
39 State Department of Alcohol and Drug Programs may conduct  
40 transition activities prior to July 1, 2012, that are necessary to

1 ensure the efficient and effective transfer of Drug Medi-Cal  
2 program functions by that date in accordance with the transition  
3 plan described in Section 14021.31.

4 (d) After July 1, 2012, and through the quarter ending June 30,  
5 2014, the department shall provide quarterly updates to the  
6 Legislature, key stakeholders, and the public on the steps foreseen,  
7 planned, and completed for the Drug Medi-Cal transfer, noting  
8 areas of concern, delay, or disruption, as the program fully  
9 transitions to the State Department of Health Care Services. These  
10 updates shall include information on continuity of care for  
11 beneficiaries and any access issues to care that arise as a result  
12 of or within the Drug Medi-Cal transfer. The State Department of  
13 Health Care Services shall convene meetings with interested  
14 stakeholders, including legislative representatives, either in  
15 preparation for or at the release of these quarterly updates. The  
16 first of these quarterly updates shall be released no later than  
17 October 1, 2012.

18 SEC. 74. Section 14021.33 is added to the Welfare and  
19 Institutions Code, to read:

20 14021.33. A regulation or order concerning the Drug Medi-Cal  
21 Treatment Program adopted by the State Department of Alcohol  
22 and Drug Programs pursuant to former Chapter 3.4 (commencing  
23 with Section 11758.40) of Part 1 of Division 10.5 of the Health  
24 and Safety Code, as in effect preceding the effective date of the  
25 act that added this section, shall remain in effect and shall be fully  
26 enforceable, unless and until the readoption, amendment, or repeal  
27 of the regulation or order by the department, or until it expires by  
28 its own terms.

29 SEC. 75. Section 14021.35 of the Welfare and Institutions Code  
30 is amended to read:

31 14021.35. (a) ~~The State Department of Alcohol and Drug~~  
32 ~~Programs~~ department shall prepare and submit amendments to the  
33 ~~medicaid~~ Medicaid state plan and apply for any necessary waivers  
34 in order to obtain federal financial participation for Drug Medi-Cal  
35 Program provisions contained in subdivision (b) of Section  
36 11758.46 of the Health and Safety Code. The department shall  
37 review the recommended state plan amendments prepared by the  
38 State Department of Alcohol and Drug Programs. If the department  
39 determines that the recommended state plan amendments satisfy  
40 federal requirements for federal financial participation, the

1 ~~department shall submit an amendment to the medicaid state plan~~  
2 ~~for medical assistance under Section 1915(g) of the federal Social~~  
3 ~~Security Act (Title 42 U.S.C. Sec. 1396n(g)), to implement~~  
4 ~~Drug-Medi-Cal Drug Medi-Cal Treatment Program provisions~~  
5 ~~contained in subdivision (b) of Section 11758.46 of the Health and~~  
6 ~~Safety Code 14124.24.~~

7 (b) Upon federal approval for federal financial assistance, the  
8 department, in consultation with the State Department of Alcohol  
9 and Drug Programs, shall define the ~~new~~ *Drug Medi-Cal* services,  
10 as needed, shall establish the standards under which those services  
11 qualify as ~~Drug-Medi-Cal~~ *Drug Medi-Cal* reimbursable services,  
12 and shall develop appropriate rates of reimbursement for those  
13 services, subject to utilization controls.

14 *SEC. 76. Section 14021.51 is added to the Welfare and*  
15 *Institutions Code, to read:*

16 *14021.51. (a) For purposes of this chapter, "LAAM" means*  
17 *levoalphacetylmethadol.*

18 *(b) (1) The department shall establish a narcotic replacement*  
19 *therapy dosing fee for methadone and LAAM.*

20 *(2) In addition to the narcotic replacement therapy dosing fee*  
21 *provided for pursuant to paragraph (1), narcotic treatment*  
22 *programs shall be reimbursed for the ingredient costs of methadone*  
23 *or LAAM dispensed to Medi-Cal beneficiaries. These costs may*  
24 *be determined on an average daily dose of methadone or LAAM,*  
25 *as set forth by the department.*

26 *(c) Reimbursement for narcotic replacement therapy dosing*  
27 *and ancillary services provided by narcotic treatment programs*  
28 *shall be based on a per capita uniform statewide daily*  
29 *reimbursement rate for each individual patient, as established by*  
30 *the department. The uniform statewide daily reimbursement rate*  
31 *for narcotic replacement therapy dosing and ancillary services*  
32 *shall be based upon, where available and appropriate, all of the*  
33 *following:*

34 *(1) The outpatient rates for the same or similar services under*  
35 *the fee-for-service Medi-Cal program.*

36 *(2) Cost report data.*

37 *(3) Other data deemed reliable and relevant by the department.*

38 *(4) The rate studies completed pursuant to Section 54 of Chapter*  
39 *197 of the Statutes of 1996.*

1     (d) *The uniform statewide daily reimbursement rate for ancillary*  
2 *services shall not exceed, for individual services or in the*  
3 *aggregate, the outpatient rates for the same or similar services*  
4 *under the fee-for-service Medi-Cal program.*

5     (e) *The uniform statewide daily reimbursement rate shall be*  
6 *established after consultation with narcotic treatment program*  
7 *providers and county alcohol and drug program administrators.*

8     (f) *Reimbursement for narcotic treatment program services*  
9 *shall be limited to those services specified in state law and state*  
10 *and federal regulations governing the licensing and administration*  
11 *of narcotic treatment programs. These services shall include, but*  
12 *are not limited to, all of the following:*

13         (1) *Admission, physical evaluation, and diagnosis.*

14         (2) *Drug screening.*

15         (3) *Pregnancy tests.*

16         (4) *Narcotic replacement therapy dosing.*

17         (5) *Intake assessment, treatment planning, and counseling*  
18 *services. Frequency of counseling or medical psychotherapy,*  
19 *outcomes, and rates shall be addressed through regulations*  
20 *adopted by the department. For purposes of this paragraph, these*  
21 *services include, but are not limited to, substance abuse services*  
22 *to pregnant and postpartum Medi-Cal beneficiaries.*

23     (g) *Reimbursement under this section shall be limited to claims*  
24 *for narcotic treatment program services at the uniform statewide*  
25 *daily reimbursement rate for these services. These rates shall be*  
26 *exempt from the requirements of Section 14021.6.*

27     (h) (1) *Reimbursement to narcotic treatment program providers*  
28 *shall be limited to the lower of either the uniform statewide daily*  
29 *reimbursement rate, pursuant to subdivision (c), or the provider's*  
30 *usual and customary charge to the general public for the same or*  
31 *similar service.*

32         (2) (A) *Reimbursement paid by a county to a narcotic treatment*  
33 *program provider for services provided to any person subject to*  
34 *Section 1210.1 or 3063.1 of the Penal Code, and for which the*  
35 *individual client is not liable to pay, does not constitute a usual*  
36 *and customary charge to the general public for the purposes of*  
37 *this section.*

38         (B) *Subparagraph (A) does not constitute a change in, but is*  
39 *declaratory of, existing law.*

1 (i) No program shall be reimbursed for services not rendered  
2 to or received by a patient of a narcotic treatment program.

3 (j) Reimbursement for narcotic treatment program services  
4 provided to substance abusers shall be administered by the  
5 department and counties electing to participate in the program.  
6 Utilization and payment for these services shall be subject to  
7 federal Medicaid and state utilization and audit requirements.

8 SEC. 77. Section 14021.52 is added to the Welfare and  
9 Institutions Code, to read:

10 14021.52. (a) (1) The Legislature finds and declares all of  
11 the following:

12 (A) Medical treatment for indigent patients who are not eligible  
13 for Medi-Cal is essential to protecting the public health.

14 (B) The Legislature supports the adoption of standardized and  
15 simplified forms and procedures in order to promote the drug  
16 treatment of indigent patients who are not eligible for Medi-Cal.

17 (C) Providers should not be required by the state to subsidize  
18 the medical treatment provided to indigent patients who are not  
19 eligible for Medi-Cal.

20 (D) The Legislature supports the therapeutic value of indigent  
21 patients who are not eligible for Medi-Cal contributing some level  
22 of fees for drug treatment services in order to support the goals  
23 of those drug treatment services.

24 (2) It is the intent of the Legislature in enacting this section to  
25 encourage narcotic treatment program providers to serve indigent  
26 patients who are not eligible for Medi-Cal. It is also the intent of  
27 the Legislature that the department allow narcotic treatment  
28 program providers to charge therapeutic fees for providing drug  
29 treatment to indigent patients who are not eligible for Medi-Cal  
30 if the providers establish a fee scale that complies with the  
31 documentation requirements established pursuant to this section  
32 and federal law.

33 (b) (1) The Legislature recognizes that narcotic treatment  
34 program providers are reimbursed for controlled substances  
35 provided under the Drug Medi-Cal Treatment Program, also  
36 known as Drug Medi-Cal, and pursuant to federal law at a rate  
37 that is the lower of the per capita uniform statewide daily  
38 reimbursement or Drug Medi-Cal rate, or the provider's usual  
39 and customary charge to the general public for the same or similar  
40 services.

1     (2) *It furthers the intent of the Legislature to ensure that narcotic*  
2 *treatment programs in the state are able to serve indigent clients*  
3 *and that there is an exception to the reimbursement requirements*  
4 *described in paragraph (1), as the federal law has been interpreted*  
5 *by representatives with the federal Centers for Medicare and*  
6 *Medicaid Services. Pursuant to this exception, if a narcotic*  
7 *treatment program provider that is serving low-income non-Drug*  
8 *Medi-Cal clients complies with a federal requirement for the*  
9 *application of a sliding indigency scale, the reduced charges under*  
10 *the sliding indigency scale shall not lower the provider's usual*  
11 *and customary charge determination for purposes of Medi-Cal*  
12 *reimbursement.*

13     (c) *A licensed narcotic treatment program provider that serves*  
14 *low-income non-Drug Medi-Cal clients shall be deemed in*  
15 *compliance with federal and state law, for purposes of the*  
16 *application of the exception described in paragraph (2) of*  
17 *subdivision (b), and avoid audit disallowances, if the provider*  
18 *implements a sliding indigency scale that meets all of the following*  
19 *requirements:*

20     (1) *The maximum fee contained in the scale shall be the*  
21 *provider's full nondiscounted, published charge and shall be at*  
22 *least the rate that Drug Medi-Cal would pay for the same or similar*  
23 *services provided to Drug Medi-Cal clients.*

24     (2) *The sliding indigency scale shall provide for an array of*  
25 *different charges, based upon a client's ability to pay, as measured*  
26 *by identifiable variables. These variables may include, but need*  
27 *not be limited to, financial information and the number of*  
28 *dependents of the client.*

29     (3) *Income ranges shall be in increments that result in a*  
30 *reasonable distribution of clients paying differing amounts for*  
31 *services based on differing abilities to pay.*

32     (4) *A provider shall obtain written documentation that supports*  
33 *an indigency allowance under the sliding indigency scale*  
34 *established pursuant to this section, including a financial*  
35 *determination. In cases where this written documentation cannot*  
36 *be obtained, the provider shall document at least three attempts*  
37 *to obtain this written documentation from a client.*

38     (5) *The provider shall maintain all written documentation that*  
39 *supports an indigency allowance under this section, including, if*  
40 *used, the financial evaluation form set forth in Section 14021.53.*

1 (6) Written policies shall be established and maintained that  
2 set forth the basis for determining whether an indigency allowance  
3 may be granted under this section and establish what  
4 documentation shall be requested from a client.

5 (d) In developing the sliding indigency scale, a narcotic  
6 treatment program provider shall consider, but need not include,  
7 any or all of the following components:

8 (1) Vertically, the rows would reflect increments of family or  
9 household income. There would be a sufficient number of  
10 increments to allow for differing charges, such as a six hundred  
11 dollar (\$600) increase per interval.

12 (2) Horizontally, the columns would provide for some other  
13 variable, such as family size, in which case, the columns would  
14 reflect the number of people dependent on the income, including  
15 the client.

16 (3) Each row, except the first and last rows, would contain at  
17 least two different fee amounts and each of the columns, four or  
18 more in number, would contain at least six different fee amounts.

19 (4) The cells would contain an array of fees so that no fee would  
20 be represented in more than 25 percent of the cells.

21 (e) A narcotic treatment program provider that uses the financial  
22 evaluation form instructions and financial form set forth in Section  
23 14021.53 in obtaining written documentation that supports an  
24 indigency allowance as required under paragraph (4) of  
25 subdivision (c) shall be deemed in compliance with that paragraph.

26 SEC. 78. Section 14021.53 is added to the Welfare and  
27 Institutions Code, to read:

28 14021.53. A narcotic treatment program provider may use the  
29 following instructions and financial evaluation form to comply  
30 with the requirements of paragraph (4) of subdivision (c) of Section  
31 14021.52:

32  
33  
34 **FINANCIAL EVALUATION FORM INSTRUCTIONS**

35  
36  
37 **MONTHLY INCOME DATA**—This data should specify the source  
38 and the amount and be supported by sufficient documentation.  
39 Income data may include, but are not limited to, income received



1 *as a paid employee, unemployment benefits, disability benefits,*  
2 *pension payments, family income, savings income, or other sources.*

3 *MONTHLY EXPENSES DATA—This data is not required unless*  
4 *there is no evidence or documentation of income data. Expense*  
5 *data may include, but are not limited to, any known expenses*  
6 *related to the following:*

7 *(1) Court-ordered payments, such as child support, fines, debts,*  
8 *restitution, or other payments.*

9 *(2) Housing-related expenses, such as rent, mortgage, insurance,*  
10 *utilities, or other obligations.*

11 *(3) Transportation costs, such as any related expenses, including*  
12 *automobile payments or automobile insurance payments.*

13 *(4) Insurance coverage should also be noted if it produces either*  
14 *an expense or benefit to the client.*

15 *CLIENT MONTHLY TREATMENT FEE—The following applies*  
16 *to this data:*

17 *(1) The amount box indicates the client's fee according to his*  
18 *or her location on the sliding scale.*

19 *(2) The adjusted client monthly fee box is to be filled only if the*  
20 *fee to be charged differs from the fee indicated by the client's*  
21 *location on the sliding scale.*

22 *(3) If the fee is adjusted from what the sliding scale would*  
23 *indicate, a reason for the adjustment must be provided. (Valid*  
24 *reasons might include extraordinary medical expenses for a client*  
25 *suffering from HIV/AIDS, etc.)*

26 *PLEASE NOTE—The documentation for this form requires that*  
27 *the provider make at least three documented attempts to collect*  
28 *documentation from a client. Any questions on this form may be*  
29 *directed to the department at (\_\_\_\_).*  
30

31 *SEC. 79. Section 14021.9 of the Welfare and Institutions Code*  
32 *is amended to read:*

33 *14021.9. (a) Notwithstanding any other law, for the 2009–10*  
34 *fiscal year, a 10-percent reduction shall be applied to rates for*  
35 *Drug Medi-Cal services developed by the State Department of*  
36 *Alcohol and Drug Programs pursuant to Section 11758.42 of the*  
37 *Health and Safety Code and Sections 14021.35, 14021.5, and*  
38 *14021.6.*

1 (b) For the 2010–11 ~~and 2011–12 fiscal year and each fiscal~~  
2 ~~year thereafter~~ years, rates for Drug Medi-Cal services shall be  
3 the lower of the following:

4 (1) The rates developed by the State Department of Alcohol  
5 and Drug Programs pursuant to Section 11758.42 of the Health  
6 and Safety Code and Sections 14021.35, 14021.5, and 14021.6.

7 (2) The rates applicable in the 2009–10 fiscal year pursuant to  
8 subdivision (a), adjusted for the cumulative growth in the Implicit  
9 Price Deflator for the Costs of Goods and Services to Governmental  
10 Agencies, as reported by the Department of Finance.

11 (c) *For the 2012–13 fiscal year and each fiscal year thereafter,*  
12 *rates for Drug Medi-Cal reimbursable services shall be the lower*  
13 *of the following:*

14 (1) *The rates developed pursuant to Sections 14021.35,*  
15 *14021.51, and 14021.6.*

16 (2) *The rates applicable in the 2009–10 fiscal year pursuant to*  
17 *subdivision (a), adjusted for the cumulative growth in the Implicit*  
18 *Price Deflator for the Costs of Goods and Services to*  
19 *Governmental Agencies, as reported by the Department of Finance.*

20 (e)

21 (d) The rate reductions applicable for the 2009–10 fiscal year  
22 pursuant to subdivision (a) shall be applied retroactively to July  
23 1, 2009.

24 SEC. 80. *Article 3.2 (commencing with Section 14124.20) is*  
25 *added to Chapter 7 of Part 3 of Division 9 of the Welfare and*  
26 *Institutions Code, to read:*

27  
28 *Article 3.2. Drug Medi-Cal Treatment Program*  
29

30 14124.20. (a) *The department may enter into a Drug Medi-Cal*  
31 *Treatment Program contract with each county for the provision*  
32 *of alcohol and drug use services within the county service area.*

33 (b) *A county that has multiple contracts with the department*  
34 *for the provision of multiple alcohol and drug use services may*  
35 *enter into a single contract with the department.*

36 14124.21. (a) *If a county decides to not enter a Drug Medi-Cal*  
37 *Treatment Program contract with the department, the county shall*  
38 *notify the department of this decision in writing by the May 20*  
39 *preceding the fiscal year in which, or at least 60 days before, the*  
40 *contract would have become effective.*

1     **(b) (1)** *To the extent that a county decides not to enter into or*  
2 *terminates its Drug Medi-Cal Treatment Program contract with*  
3 *the department, the department shall contract for Drug Medi-Cal*  
4 *Treatment services in the county as necessary to ensure beneficiary*  
5 *access to these services. The contract shall be made in accordance*  
6 *with federal Medicaid and state Medi-Cal laws and in accordance*  
7 *with the federal court order and any future action in the case of*  
8 *Sobky v. Smoley (E.D.Cal 1994) 855 F.Supp. 1123.*

9     **(2)** *The department may enter into contracts for the provision*  
10 *of Drug Medi-Cal Treatment Program services with certified Drug*  
11 *Medi-Cal providers directly or through qualifying individual*  
12 *counties, counties acting jointly, county consortia, and with*  
13 *qualified individuals, organizations, or nongovernmental entities.*

14     **(c)** *The department and the Department of Finance shall*  
15 *determine how much funding is necessary to provide the necessary*  
16 *services in a county and notify the Controller.*

17     **14124.22.** **(a)** *In addition to narcotic treatment program*  
18 *services, a narcotic treatment program provider who is also*  
19 *enrolled as a Medi-Cal provider may provide medically necessary*  
20 *medical treatment of concurrent health conditions within the scope*  
21 *of the provider's practice, to Medi-Cal beneficiaries who are not*  
22 *enrolled in managed care plans. Medi-Cal beneficiaries enrolled*  
23 *in managed care plans shall be referred to those plans for receipt*  
24 *of medically necessary medical treatment of concurrent health*  
25 *conditions.*

26     **(b)** *Diagnosis and treatment of concurrent health conditions of*  
27 *Medi-Cal beneficiaries not enrolled in managed care plans by a*  
28 *narcotic treatment program provider may be provided within the*  
29 *Medi-Cal coverage limits. When the services are not part of the*  
30 *substance use disorder treatment reimbursed pursuant to Section*  
31 *14021.51, services shall be reimbursed in accordance with the*  
32 *Medi-Cal program. Services reimbursable under this section shall*  
33 *include, but are not limited to, all of the following:*

34     **(1)** *Medical treatment visits.*

35     **(2)** *Diagnostic blood, urine, and X-rays.*

36     **(3)** *Psychological and psychiatric tests and services.*

37     **(4)** *Quantitative blood and urine toxicology assays.*

38     **(5)** *Medical supplies.*

39     **(c)** *A narcotic treatment provider, who is enrolled as a Medi-Cal*  
40 *fee-for-service provider, shall not seek reimbursement from a*

1 beneficiary for substance abuse treatment services, if services for  
2 treatment of concurrent health conditions are billed to the  
3 Medi-Cal fee-for-service program.

4 14124.23. The department may enter into contracts for the  
5 procurement of services to assist the department in administering  
6 the Drug Medi-Cal Treatment Program.

7 14124.24. (a) For purposes of this section, “Drug Medi-Cal  
8 reimbursable services” means the substance use disorder services  
9 described in the California State Medicaid Plan and includes, but  
10 is not limited to, all of the following services, administered by the  
11 department, and to the extent consistent with state and federal  
12 law:

13 (1) Narcotic treatment program services, as set forth in Section  
14 14021.51.

15 (2) Day care rehabilitative services.

16 (3) Perinatal residential services for pregnant women and  
17 women in the postpartum period.

18 (4) Naltrexone services.

19 (5) Outpatient drug-free services.

20 (6) Other services upon approval of a federal Medicaid state  
21 plan amendment or waiver authorizing federal financial  
22 participation.

23 (b) (1) While seeking federal approval for any federal Medicaid  
24 state plan amendment or waiver associated with Drug Medi-Cal  
25 services, the department shall consult with the counties and  
26 stakeholders in the development of the state plan amendment or  
27 waiver.

28 (2) Upon federal approval of a federal Medicaid state plan  
29 amendment authorizing federal financial participation in the  
30 following services, and subject to appropriation of funds, “drug  
31 Medi-Cal services” shall also include the following services,  
32 administered by the department, and to the extent consistent with  
33 state and federal law:

34 (A) Notwithstanding subdivision (a) of Section 14132.90, day  
35 care habilitative services, which, for purposes of this paragraph,  
36 are outpatient counseling and rehabilitation services provided to  
37 persons with alcohol or other drug abuse diagnoses.

38 (B) Case management services, including supportive services  
39 to assist persons with alcohol or other drug abuse diagnoses in

1 *gaining access to medical, social, educational, and other needed*  
2 *services.*

3 *(C) Aftercare services.*

4 *(c) (1) The nonfederal share for Drug Medi-Cal services shall*  
5 *be funded through a county's Behavioral Health Subaccount of*  
6 *the Support Services Account of the Local Revenue Fund 2011,*  
7 *and any other available county funds eligible under federal law*  
8 *for federal Medicaid reimbursement. The funds contained in each*  
9 *county's Behavioral Health Subaccount of the Support Services*  
10 *Account of the Local Revenue Fund 2011 shall be considered state*  
11 *funds distributed by the principal state agency for the purposes of*  
12 *receipt of the federal block grant funds for prevention and*  
13 *treatment of substance abuse found at Subchapter XVII of Chapter*  
14 *6A of Title 42 of the United States Code. Pursuant to applicable*  
15 *federal Medicaid law and regulations including Section 433.51 of*  
16 *Title 42 of the Code of Federal Regulations, counties may claim*  
17 *allowable Medicaid federal financial participation for Drug*  
18 *Medi-Cal services based on the counties certifying their actual*  
19 *total funds expenditures for eligible Drug Medi-Cal services to*  
20 *the department.*

21 *(2) (A) If the director determines that a county's provision of*  
22 *Drug Medi-Cal treatment services are disallowed by the federal*  
23 *government or by state or federal audit or review, the impacted*  
24 *county shall be responsible for repayment of all disallowed federal*  
25 *funds. In addition to any other recovery methods available,*  
26 *including, but not limited to, offset of Medicaid federal financial*  
27 *participation funds owed to the impacted county, the director may*  
28 *offset these amounts in accordance with Section 12419.5 of the*  
29 *Government Code.*

30 *(B) A county subject to an action by the director pursuant to*  
31 *subparagraph (A) may challenge that action by requesting a*  
32 *hearing in writing no later than 30 days from receipt of notice of*  
33 *the department's action. The proceeding shall be conducted in*  
34 *accordance with Chapter 5 (commencing with Section 11500) of*  
35 *Part 1 of Division 3 of Title 2 of the Government Code, and the*  
36 *director has all the powers granted therein. Upon a county's timely*  
37 *request for hearing, the county's obligation to make payment as*  
38 *determined by the director shall be stayed pending the county's*  
39 *exhaustion of administrative remedies provided herein but no*  
40 *longer than will ensure the department's compliance with Section*

1 1903(d)(2)(C) of the federal Social Security Act. (42 U.S.C. Sec.  
2 1396b).

3 (d) Drug Medi-Cal services are only reimbursable to Drug  
4 Medi-Cal providers with an approved Drug Medi-Cal contract.

5 (e) Counties shall negotiate contracts only with providers  
6 certified to provide Drug Medi-Cal services.

7 (f) The department shall develop methods to ensure timely  
8 payment of Drug Medi-Cal claims.

9 (g) (1) A county or a contracted provider, except for a provider  
10 to whom subdivision (h) applies, shall submit accurate and  
11 complete cost reports for the previous fiscal year by November 1,  
12 following the end of the fiscal year. The department may settle  
13 Drug Medi-Cal reimbursable services, based on the cost report  
14 as the final amendment to the approved county Drug Medi-Cal  
15 contract.

16 (2) Amounts paid for services provided to Drug Medi-Cal  
17 beneficiaries shall be audited by the department in the manner  
18 and form described in Section 14170.

19 (3) Administrative appeals to review grievances or complaints  
20 arising from the findings of an audit or examination made pursuant  
21 to this section shall be subject to Section 14171.

22 (h) Certified narcotic treatment program providers that are  
23 exclusively billing the state or the county for services rendered to  
24 persons subject to Section 1210.1 or 3063.1 of the Penal Code or  
25 Section 14021.52 of this code shall submit accurate and complete  
26 performance reports for the previous state fiscal year by November  
27 1 following the end of that fiscal year. A provider to which this  
28 subdivision applies shall estimate its budgets using the uniform  
29 state daily reimbursement rate. The format and content of the  
30 performance reports shall be mutually agreed to by the department,  
31 the County Alcohol and Drug Program Administrators' Association  
32 of California, and representatives of the treatment providers.

33 (i) Contracts entered into pursuant to this section shall be  
34 exempt from the requirements of Chapter 1 (commencing with  
35 Section 10100) and Chapter 2 (commencing with Section 10290)  
36 of Part 2 of Division 2 of the Public Contract Code.

37 (j) Annually, the department shall publish procedures for  
38 contracting for Drug Medi-Cal services with certified providers  
39 and for claiming payments, including procedures and specifications  
40 for electronic data submission for services rendered.

1     14124.25. *Service providers may assist Medi-Cal beneficiaries,*  
2 *upon request, to file a fair hearing request in accordance with*  
3 *Chapter 7 (commencing with Section 10950) of Part 2, or may*  
4 *inform Medi-Cal beneficiaries enrolled in Medi-Cal managed care*  
5 *plans about the Department of Managed Health Care's toll-free*  
6 *telephone number for health care service plan members or the*  
7 *department's ombudsman for Medi-Cal beneficiaries enrolled in*  
8 *a Medi-Cal managed care plan.*

9     14124.26. (a) *Except as provided in subdivisions (b) and (c),*  
10 *regulations adopted by the State Department of Alcohol and Drug*  
11 *Programs pursuant to former Sections 11758.40 to 11758.47,*  
12 *inclusive, of the Health and Safety Code shall remain in effect*  
13 *unless amended or repealed by regulation adopted pursuant to*  
14 *this article.*

15     (b) *Notwithstanding the rulemaking provisions of Chapter 3.5*  
16 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
17 *2 of the Government Code, for purposes of the Drug Medi-Cal*  
18 *Treatment Program, the department may implement, interpret, or*  
19 *make specific this article to the extent that this article differs from*  
20 *former Sections 11758.40 to 11758.47, inclusive, of the Health*  
21 *and Safety Code by means of all-county letters, plan letters, plan*  
22 *or provider bulletins, or similar instructions from the department*  
23 *until regulations are adopted pursuant to that chapter of the*  
24 *Government Code.*

25     (c) (1) *The department shall adopt emergency regulations no*  
26 *later than July 1, 2014. The department may subsequently readopt*  
27 *any emergency regulation authorized by this section that is the*  
28 *same as or is substantially equivalent to an emergency regulation*  
29 *previously adopted pursuant to this section.*

30     (2) *The initial adoption of emergency regulations implementing*  
31 *this article and the one readoption of emergency regulations*  
32 *authorized by this subdivision shall be deemed an emergency and*  
33 *necessary for the immediate preservation of the public peace,*  
34 *health, safety, or general welfare. Initial emergency regulations*  
35 *and the one readoption of emergency regulations authorized by*  
36 *this section shall be exempt from review by the Office of*  
37 *Administrative Law. The initial emergency regulations and the*  
38 *one readoption of emergency regulations authorized by this section*  
39 *shall be submitted to the Office of Administrative Law for filing*  
40 *with the Secretary of State and each shall remain in effect for no*

1 *more than 180 days, by which time final regulations may be*  
2 *adopted.*

3 *SEC. 81. (a) It is the intent of the Legislature that the*  
4 *administrative and programmatic functions of the State Department*  
5 *of Alcohol and Drug Programs be transferred to other departments*  
6 *effective July 1, 2013. It is further the intent of the Legislature that*  
7 *this transfer occur in a manner that best achieves the following*  
8 *goals:*

9 *(1) Improves access to alcohol and drug treatment services for*  
10 *consumers, including a focus on recovery and rehabilitative*  
11 *services.*

12 *(2) Effectively integrates the implementation and financing of*  
13 *services, including the coordination of licensing and certification*  
14 *functions for providers, implementation of realignment pursuant*  
15 *to 2011 realignment, and in the receipt and management of federal*  
16 *funds.*

17 *(3) Ensures appropriate state and county accountability through*  
18 *oversight and outcome measurement strategies, including, but not*  
19 *limited to, monitoring of county programs and services.*

20 *(4) Provides focused, high-level leadership within state*  
21 *government for alcohol and drug treatment services.*

22 *(b) Effective July 1, 2013, the administrative and programmatic*  
23 *functions that were previously performed by the State Department*  
24 *of Alcohol and Drug Programs are transferred to departments*  
25 *within the Health and Human Services Agency. In consultation*  
26 *with system stakeholders and affected departments, the California*  
27 *Health and Human Services Agency shall prepare a detailed plan*  
28 *for a reorganization of administrative and programmatic functions*  
29 *of the State Department of Alcohol and Drug Programs. This plan*  
30 *shall include the following components:*

31 *(1) A detailed rationale for the transfer of administrative and*  
32 *programmatic function or functions, including program and policy*  
33 *changes necessitated by the proposed transfer.*

34 *(2) A cost and benefit analysis for each transfer and for the*  
35 *proposal as a whole, if more than one transfer is involved, showing*  
36 *fiscal and programmatic impacts of the changes.*

37 *(3) A detailed assessment of how the transfer will affect*  
38 *continuity of service for providers, consumers, county counterparts,*  
39 *and other major stakeholders.*



1     (4) *If function transfers are proposed to more than one receiving*  
2 *department, a detailed explanation of the following:*

3     (A) *How preparation will occur to maximize a smooth transition*  
4 *across departments.*

5     (B) *How ongoing program and policy functions will be*  
6 *coordinated across departments after the transfer is implemented.*

7     (5) *A detailed description of the stakeholder process, including,*  
8 *but not limited to:*

9     (A) *A description of stakeholder participants which shall*  
10 *include, at a minimum, consumers, family members, providers,*  
11 *counties, and representatives of the Legislature.*

12     (B) *A schedule of stakeholder meetings convened, and other*  
13 *activities conducted to provide maximum stakeholder input prior*  
14 *to production of a draft plan and to review the draft plan prior to*  
15 *submission to the Legislature.*

16     (C) *A discussion of significant concerns raised by stakeholders*  
17 *and how they were or were not addressed in the plan.*

18     (D) *A description of an on going stakeholder process that will*  
19 *provide continued assessment of and recommendations for*  
20 *improvement to the delivery of alcohol and drug treatment services*  
21 *in California.*

22     (c) *The plan developed under this section shall be submitted to*  
23 *the Legislature as part of the 2013–14 Governor’s Budget. The*  
24 *budget shall identify the transfer of administrative and*  
25 *programmatic functions that were previously performed by the*  
26 *State Department of Alcohol and Drug Programs. The ultimate*  
27 *placement of these functions is contingent upon the Budget Act of*  
28 *2013 and implementing legislation.*

29     SEC. 82. *The sum of one thousand dollars (\$1,000) is hereby*  
30 *appropriated from the General Fund to the State Department of*  
31 *Health Care Services for administration.*

32     SEC. 83. *Sections 1 to 81, inclusive, of this act shall become*  
33 *operative on July 1, 2012.*

34     SEC. 84. *This act is a bill providing for appropriations related*  
35 *to the Budget Bill within the meaning of subdivision (e) of Section*  
36 *12 of Article IV of the California Constitution, has been identified*  
37 *as related to the budget in the Budget Bill, and shall take effect*  
38 *immediately.*

1     SECTION 1. ~~It is the intent of the Legislature to enact statutory~~  
2     ~~changes relating to the Budget Act of 2012.~~

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